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ABSTRACT

This report recommends that H.R. 3, the Early Childhood Education and Development Act of 1989, be passed as amended. Titles of the Act concern: (1) the expansion of Project Head Start; (2) early childhood development and school-related child care; (3) child care services for infants, toddlers, and young children; (4) child care and early childhood development coordinating activities; and (5) business involvement in meeting employee child care needs. Provided in the report are the Committee's amendments to Titles I through V, a review of Committee action on H.R. 3, background information and rationale, a summary of H.R. 3, an explanation of the bill, a Congressional Budget Office estimate, a statement regarding oversight reports from the Committee on Government Operations, and a section-bys-section analysis of H.R. 3, as reported by the Committeee on Education and Labor. Changes in existing law made by the bill are indicated. Dissenting and other views concerning the legislation are provided. (RH)

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101ST CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT. 101-190
Part 1

U.S. DEPARTMENT OF EDUCATION
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EARLY CHILDHOOD EDUCATION AND DEVELOPMENT ACT OF 1989

JULY 27, 1989.—Ordered to be printed

Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

DISSENTING, ADDITIONAL, AND INDIVIDUAL VIEWS

[To accompany H.R. 3]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 3) to authorize appropriations to expand Head Start programs and programs carried out under the Elementary and Secondary Education Act of 1965 to include child care services, and for other purposes, having considered the same, report favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Early Childhood Education and Development Act of 1989".

(b) TABLE OF CONTENTS.—The table of contents is as follows:

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.
Sec. 2. Purposes.
Sec. 3. Authorization of appropriations.

TITLE I—EXPANDED HEAD START

Sec. 101. Definitions.
Sec. 102. Financial assistance for Head Start programs.

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Sec. 103. Conforming amendment.
Sec. 104. Allotment of funds.
Sec. 105. Federal share.
Sec. 106. Participation in Head Start programs.
Sec. 107. Establishment and revision of sliding fee scale.
Sec. 108. Technical amendment.

TITLE II—EARLY CHILDHOOD DEVELOPMENT AND SCHOOL-RELATED CHILD CARE

Sec. 201. Grants for State and local programs.

"TITLE VIII—EARLY CHILDHOOD DEVELOPMENT AND SCHOOL-RELATED CHILD CARE

"Sec. 8001. Program authorized.
"Sec. 8002. Amounts of grants.
"Sec. 8003. Local program requirements.
"Sec. 8004. State program requirements.
"Sec. 8005. Establishment and revision of sliding fee scale.
"Sec. 8006. Payments to States.
"Sec. 8007. Payments to local educational agencies.
"Sec. 8008. Definitions."

TITLE III—CHILD CARE SERVICES FOR INFANTS, TODDLERS, AND YOUNG CHILDREN

Sec. 301. Establishment of program.

"SUBCHAPTER C—CHILD CARE SERVICES FOR INFANTS, TODDLERS, AND YOUNG CHILDREN

"Sec. 658A. Short title.
"Sec. 658B. Amounts reserved; allotments.
"Sec. 658C. Application and plan.
"Sec. 658D. Special rules for use of State allotments.
"Sec. 658E. Continuing eligibility of States.
"Sec. 658F. Minimum State child care standards and training requirement.
"Sec. 658G. Federal enforcement.
"Sec. 658H. National Advisory Committee on Model Child Care Standards.
"Sec. 658I. Establishment and revision of sliding fee scale.
"Sec. 658J. Applicability of provisions of the Head Start Act.
"Sec. 658K. Definitions."

TITLE IV—CHILD CARE AND EARLY CHILDHOOD DEVELOPMENT COORDINATING ACTIVITIES

Sec. 401. Coordinating activities.
"Sec. 659A. Short title.
"Sec. 659B. Authority to provide financial assistance.
"Sec. 659C. Amounts reserved; allotments.
"Sec. 659D. Lead agency.
"Sec. 659E. Application and plan.
"Sec. 659F. Needs and resources assessment.
"Sec. 659G. State committee on child care licensing.
"Sec. 659H. Resource and referral programs.
"Sec. 659I. Training and related activities.
"Sec. 659J. Child care services provided by businesses.
"Sec. 659K. Library services.
"Sec. 659L. Limitations on use of financial assistance.
"Sec. 659M. Limitation on State eligibility to receive funds.
"Sec. 659N. Federal enforcement.
"Sec. 659O. Applicability of provisions of the Head Start Act.
"Sec. 659P. Definitions."

TITLE V—BUSINESS INVOLVEMENT IN MEETING EMPLOYEE CHILD CARE NEEDS

Sec. 501. Establishment of grant program.
Sec. 502. Eligible businesses.
Sec. 503. Application.
Sec. 504. Selection of grantees.
Sec. 505. Applicability of provisions of the Head Start Act.
Sec. 506. Definitions.
Sec. 507. Authorization of appropriations.

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to build on and to strengthen the role of the family by seeking to ensure that parents are not forced by lack of available programs or financial resources to place a child in an unsafe or unhealthy child care facility or arrangement;

(2) to promote the availability and diversity of quality child care services and early childhood development programs to expand child care options available to all families who need such services;

(3) to assist States and Indian tribes to work with businesses to find innovative ways to provide employee child care services through the workplace;

(4) to provide assistance to families whose financial resources are not sufficient to enable such families to pay the full cost of necessary child care services and early childhood development;

(5) to lessen the chances that children will be left to fend for themselves for significant parts of each day;

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(6) to improve the productivity of parents in the labor force by lessening the stresses related to the absence of adequate child care services;

(7) to provide assistance to States and Indian tribes to improve the quality of, and coordination among, child care programs and early childhood development programs;

(8) to increase the opportunities for attracting and retaining qualified staff in the field of child care and early childhood development to provide high quality child care services to children; and

(9) to strengthen the competitiveness of the United States by providing young children with a sound early childhood development experience.

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—(1) Subject to paragraph (2), there are authorized to be appropriated for the purposes specified in subsection (b) $1,750,000,000 for fiscal year 1990 and such sums as may be necessary for fiscal years 1991, 1992, and 1993.

(2) No funds are authorized by paragraph (1) to be appropriated for fiscal 1990 unless—

(A) the aggregate amount appropriated to carry out chapter 1 of title I of the Elementary and Secondary Education Act of 1965 for fiscal year 1990 is not less than the adjusted appropriation to carry out such chapter for fiscal year 1989; and

(B) the aggregate amount appropriated to carry out the Head Start Act for fiscal year 1990 is not less than the adjusted appropriation to carry out such Act for fiscal year 1989.

(3) For purposes of paragraph (2), the term "adjusted appropriation" means the amount appropriated for fiscal year 1989 as adjusted to reflect the percentage change in the Consumer Price Index For All Urban Consumers, issued by the Bureau of Labor Statistics, during the 1-year period ending on September 30, 1989.

(b) AVAILABILITY OF APPROPRIATIONS.—Of the aggregate amount appropriated under subsection (a) for a fiscal year—

(1) 25 percent shall be available to provide developmentally appropriate child care services under the Head Start Act, as amended by title I of this Act;

(2) 25 percent shall be available to carry out title VIII of the Elementary and Secondary Education Act of 1965, as added by title II of this Act;

(3) 35 percent shall be available to carry out the Child Care Services For Infants, Toddlers, And Young Children Act, as added by title III of this Act; and

(4) 15 percent shall be available to carry out the Child Care and Early Childhood Development Coordinating Activities Act, as added by title IV of this Act.

TITLE I—EXPANDED HEAD START

SEC. 101. DEFINITIONS.

Section 637 of the Head Start Act (42 U.S.C. 9832) is amended by adding at the end the following:

"(4) The term 'full calendar year' means all days of the year other than Saturdays, Sundays, and legal public holidays.

"(5) The term 'full-working-day' means at least 10 hours per day.

"(6) The term 'lower living standard income level' means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor and based on the most recent lower living family budget issued by the Secretary of Labor.

"(7) The term 'sliding fee scale' means the sliding fee scale established and revised under section 658.".

SEC. 102. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

Section 638 of the Head Start Act (42 U.S.C. 9833) is amended—

(1) in subsection (a)—

(A) by striking "and (2)" and inserting "(2)"; and

(B) by inserting the following before the period at the end: "; and (3) may provide developmentally appropriate child care services in accordance with this subchapter"; and

(2) in subsection (b) by striking "subchapter E" and inserting "subchapter G".

SEC. 103. CONFORMING AMENDMENT.

Section 639 of the Head Start Act (42 U.S.C. 9835) is amended by inserting "(other than the provisions relating to child care services referred to in section 638(a)(3))" after "subchapter".

SEC. 104. ALLOTMENT OF FUNDS.

Section 640(a) of the Head Start Act (42 U.S.C. 9835(a)) is amended—

(1) in paragraph (1) by inserting "and the amount made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989" after "section 639";

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A) by inserting "under section 639" after "appropriated";

(B) in the second sentence by inserting "under section 639" after "appropriation";

(C) in the last sentence by striking "such funds appropriated under this subchapter" and inserting "such funds reserved under this paragraph";

(D) by inserting before the last sentence the following: "The Secretary shall reserve 8 percent of the amount made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989 for any fiscal year, for use in accordance with subparagraphs (A) and (B)."; and

(3) in paragraph (3)—

(A) by striking "The Secretary" and inserting "After reserving the amounts required by paragraph (2), the Secretary"; and

(B) by striking "remaining 87 percent of the amounts appropriated" and inserting "remainder".

SEC. 105. FEDERAL SHARE.

Section 640(b) of the Head Start Act (42 U.S.C. 9835(b)) is amended—

(1) in the first sentence by striking "Financial" and inserting "Except as provided in paragraph (2), financial";

(2) by inserting "(1)" after "(b)"; and

(3) by adding at the end the following:

"(2) Financial assistance extended under this subchapter to a Head Start agency, attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989, shall be 100 percent of the approved costs of the developmentally appropriate child care services for which such assistance is provided.".

SEC. 106. PARTICIPATION IN HEAD START PROGRAMS.

(a) CHILD CARE SERVICES AND EXPANDED HEAD START ELIGIBILITY.—Section 645(a) of the Head Start Act (42 U.S.C. 9840(a)) is amended—

(1) in the second sentence of paragraph (1) by striking "paragraph (2)" and inserting "paragraphs (2) and (3)"; and

(2) by adding at the end the following:

"(3)(A) Funds allotted under section 640 that are attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989 shall be expended only in accordance with this paragraph.

"(B) Funds allotted under section 640 that are attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989 may be expended to enable Head Start programs to provide developmentally appropriate child care services throughout the full calendar year to children who are eligible under paragraphs (1) and (2) to participate in, and are participating in, Head Start programs so that such children receive full-working-day services if such child care services are provided to meet the needs of parents each of whom is working, or attending a job training or educational program.

"(C) Subject to subparagraph (D) and subsection (b)(2), funds allotted under section 640 that are attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989 may be expended to enable Head Start programs to provide throughout the full calendar year both Head Start services (other than services specified in section 638(a)(3)) and developmentally appropriate child care services to children—

"(i) who are ineligible under paragraphs (1) and (2) to participate in Head Start programs; and

"(ii) whose family income is greater than the poverty line but less than 150 percent of the lower living standard income level;

so that such children receive full-working-day services if such services are provided to meet the needs of parents each of whom is working, or attending a job training or educational program.

"(D)(i) For purposes of carrying out this paragraph, priority shall be given to providing services under subparagraph (B).

"(ii) For any fiscal year, an amount not to exceed 50 percent of the funds allotted under section 640 that are attributable to funds made available under section 3(b)(1)

of the Early Childhood Education and Development Act of 1989 may be expended for the purpose specified in subparagraph (C).".

(b) FEES.—Section 645(b) of the Head Start Act (42 U.S.C. 9840(b)) is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end the following:

"(2) Parents of children who receive Head Start services (including developmentally appropriate child care services) under the authority of subsection (a)(3)(C) shall pay a portion of the cost of such services, based on a sliding fee scale. Payments received under this paragraph shall be retained by Head Start agencies and shall be expended by such agencies only to carry out this subchapter.".

SEC. 107. ESTABLISHMENT AND REVISION OF SLIDING FEE SCALE.

The Head Start Act (42 U.S.C. 9831-9852) is amended by adding at the end the following:

"ESTABLISHMENT AND REVISION OF SLIDING FEE SCALE

"SEC. 658. The Secretary shall establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing between the Federal Government (acting indirectly through Head Start agencies) and the families that receive services for which assistance is provided under the amendments to this Act made by Early Childhood Education and Development of 1989. Such fee scale shall be based on the services provided to, and the income of the families (adjusted for family size and extraordinary medical expenses paid by the family as a result of a disability of a family member) of, eligible children who receive such services, except that families whose income does not exceed the poverty line (as determined under section 652) may not be required to pay a fee for such services.".

SEC. 108. TECHNICAL AMENDMENT.

Section 652(b) of the Head Start Act (42 U.S.C. 9847(b)) is amended by inserting "For All Urban Consumers" after "Consumer Price Index".

TITLE II—EARLY CHILDHOOD DEVELOPMENT AND SCHOOL-RELATED CHILD CARE

SEC. 201. GRANTS FOR STATE AND LOCAL PROGRAMS.

The Elementary and Secondary Education Act of 1965 is amended—

(1) by redesignating title X as title IX;

(2) by redesignating sections 8001 through 8005 as sections 9001 through 9005, respectively; and

(3) by inserting before title IX (as redesignated by paragraph (1)) the following new title:

"TITLE VIII—EARLY CHILDHOOD DEVELOPMENT AND SCHOOL-RELATED CHILD CARE

"SEC. 8001. PROGRAM AUTHORIZED.

"(a) GENERAL AUTHORITY.—The Secretary shall make grants to eligible States to assist in the expansion or establishment of before- and after-school child care or early childhood development programs that offer services that—

"(1) are intended to provide an environment which enhances the educational, social, cultural, emotional, and recreational development of children; and

"(2) in the case of before- and after-school child care—

"(A) are provided Monday through Friday, including school holidays and vacation periods other than legal public holidays, to children attending half-day early childhood development programs, kindergarten, or elementary or secondary school classes during such times of the day and on such days that regular instructional services are not in session; and

"(B) are not intended to extend or replace the regular academic program.

"(b) ELIGIBILITY.—In any fiscal year, a State, and the local educational agencies in such State, shall only be eligible to receive assistance under this title if—

"(1) such State submitted an application for a grant under the Child Care and Early Childhood Development Coordinating Activities Act for the same fiscal year; and

"(2) the application submitted under the Child Care and Early Childhood Development Coordinating Activities Act is approved.

"(c) AVAILABILITY OF APPROPRIATIONS.—Amounts shall be available to carry out this title as provided in section 3(b)(2) of the Early Childhood Education and Development Act of 1989.

"SEC. 8002. AMOUNTS OF GRANTS.

"(a) GRANTS FOR TERRITORIES.—

"(1) The Secretary shall reserve 1 percent of the amount made available for purposes of carrying out this title in each fiscal year for payments to—

"(A) Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands according to their respective needs for grants under this title; and

"(B) the Secretary of the Interior in the amount necessary—

"(i) to make payments to local educational agencies, upon such terms as the Secretary determines will best carry out the purposes of this title with respect to out-of-State Indian children in the elementary and secondary schools of such agencies under special contracts with the Department of the Interior, in amounts determined by the Secretary in accordance with the provisions of section 1005(d)(1); and

"(ii) to meet the needs of Indian children on reservations serviced by elementary and secondary schools for Indian children operated with Federal assistance or operated by the Department of the Interior, pursuant to an agreement between the Secretary and the Secretary of the Interior made in accordance with the provisions of section 1005(d)(2).

"(2) The grant which a local educational agency in Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands is eligible to receive shall be determined pursuant to such criteria as the Secretary determines will best carry out the purposes of this title.

"(b) GRANTS FOR LOCAL EDUCATIONAL AGENCIES AND THE COMMONWEALTH OF PUERTO RICO.—

"(1)(A) In each fiscal year, the Secretary shall determine which local educational agencies in a State are eligible to receive a grant under subparagraph (B) and the amount of the grant each such local educational agency is eligible to receive in accordance with the provisions of subsections (a) through (c) of section 1005, section 1403(b), and subparagraph (B).

"(B) Except as provided in paragraph (2), and subject to the availability of appropriations, in any fiscal year a local educational agency shall receive a grant under this subsection only if the amount of the grant which such local educational agency is eligible to receive, as determined under subsections (a) through (c) of section 1005 and section 1403(b)—

"(i) is not less than $15,000; or

"(ii) is not less than $5,000, in the case of a local educational agency which has under its jurisdiction children at least 30 percent of whom are eligible to be counted under section 1005(c).

"(2)(A) In each fiscal year, amounts remaining from amounts appropriated for the purpose of making grants under this title after carrying out subsection (a) and paragraph (1) shall be allocated to the States for the purpose of making grants to local educational agencies that did not receive a grant under paragraph (1) for such fiscal year. Each State shall receive under this paragraph an amount that bears the same relationship to such remaining amounts as the amount received by all local educational agencies in such State under chapter 1 of title I in the preceding fiscal year bears to the amount made available to carry out such chapter in such fiscal year, except that in any fiscal year no State may receive any amount under this paragraph that, when added to the amount received under paragraph (1) in such fiscal year by all local educational agencies in such State, would total more than an amount that bears the same relationship to the amount made available for purposes of carrying out this title for such fiscal year as the amount received by all local educational agencies in such State in the preceding fiscal year under chapter 1 of title I bears to the amount made available to carry out such chapter in such fiscal year.

"(B) Subject to subparagraphs (C) and (D), in each fiscal year each State shall, from amounts made available to it under this paragraph, make grants to local educational agencies that did not receive a grant under paragraph (1) for such fiscal year, for the purposes specified in section 8001.

"(C) Each State shall give priority for grants under subparagraph (B) to local educational agencies—

"(i) that have under their jurisdiction the greatest concentrations of children whose families have very low income;

"(ii) that will use amounts made available under the grant to supplement, not supplant, non-Federal funds being used before the grant is received for the purposes for which the grant is provided; and

"(iii) that are located in areas in greatest need of child care and early childhood development services, taking into consideration the needs and resources assessment conducted under section 659F of Public Law 97-35.

"(D) The State may not make a grant under this paragraph for an amount that is less than $5,000.

"(3) For purposes of determining the amount that a local educational agency in a State would be eligible to receive under this title, the Secretary shall include children aged 4 in the count conducted under section 1005(c).

"(4) For purposes of this subsection, the term 'State' does not include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

"(c) LIMITATION.—Notwithstanding the provisions of this section, the amount paid to any State under this title for any fiscal year shall not exceed 150 percent of—

"(1) the amount received by such State under this title in the preceding fiscal year; or

"(2) an amount that bears the same relationship to the amount made available to carry out this title as the amount received by all local educational agencies in such State under chapter 1 of title I in the preceding fiscal year bears to the amount made available to carry out such chapter in such fiscal year.

"SEC. 8003. LOCAL PROGRAM REQUIREMENTS.

"(a) APPLICATION.—A local educational agency that desires to receive funds under this title shall submit an application to the State that includes a 2-year plan describing how the local educational agency will use such funds to carry out the purposes of this title.

"(b) USE OF FUNDS.—Each local educational agency that receives funds under this title shall use such funds to expand, establish, or operate an early childhood development program or before- and after-school child care program, or both, in accordance with the application and plan approved by the State. Each such program shall meet the following requirements:

"(1)(A) An early childhood development program shall be provided at the costs described in subparagraph (C) for children described in subparagraph (B).

"(B) Children described in this subparagraph are children from families—

"(i) within the area served by the local educational agency; and

"(ii) in which the parent or parents work or are in education or training programs.

"(C) The program described in subparagraph (A)—

"(i) shall be provided at no cost for 4-year-old children from families within the area served by the local educational agency with income of not more than 100 percent of the poverty level (to the extent such services are not available under the Head Start Act); and

"(ii) may be provided, from not more than 50 percent of the funds provided under this title that will be used to provide such program—

"(I) on a sliding fee scale for 4-year-old children from families within the area served by the local educational agency with income of more than 100 percent of the poverty level but not more than 160 percent of the lower living standard income level; and

"(II) on a full-fee basis for children from families within the area served by the local educational agency with income of more than 160 percent of the lower living standard income level.

"(2) At the option of the local educational agency, an early childhood development program may be provided for 3-year-old children under the terms described in paragraph (1).

"(3)(A) A before- and after-school child care program shall provide such care at the costs described in subparagraph (C) for children described in subparagraph (B). Such program shall consist of services that—

"(i) are provided during such times of the day when regular instructional services are not in session; and

"(ii) are not intended as an extension of or replacement for the regular academic program, but are intended to provide an environment that enhances the social, educational, cultural, emotional, and recreational development of school-age children.

"(B) Children described in this subparagraph are children from families within the area served by the local educational agency and in which—

"(i) the parent or parents work or are in education or training programs; and

"(ii) the children are attending early childhood development programs, kindergarten, or elementary or secondary school classes.

"(C) The care described in subparagraph (A)—

"(i) shall be provided at no cost for children from families within the area served by the local educational agency with income of not more than 100 percent of the poverty level; and

"(ii) may be provided, from not more than 50 percent of the funds provided under this title that will be used to provide such care—

"(I) on a sliding fee scale for children from families within the area served by the local educational agency with income of more than 100 percent of the poverty level but not more than 160 percent of the lower living standard income level; and

"(II) on a full-fee basis for children from families within the area served by the local educational agency with income of more than 160 percent of the lower living standard income level.

"(4)(A) Services shall be available during the full working day for 4-year-olds (and for 3-year-olds, where offered). Such services may only include an early childhood development program or before- and after-school care, or both.

"(B) Before- and after-school care shall be available for the calendar year, Monday through Friday, excluding legal public holidays.

"(5) The local educational agency shall provide for the inclusion in each program of eligible children enrolled in private early childhood development programs and in private kindergarten and elementary and secondary schools in accordance with the provisions of chapter 1 of title I relating to the participation of children enrolled in private schools.

"(6) Each early childhood development program shall be in compliance with—

"(A) applicable State regulatory standards for health and safety; and

"(B) applicable State standards for program quality.

"(7) With respect to early childhood development programs, norm-referenced and criterion-referenced standardized tests shall not be administered.

"(8) With respect to before- and after-school child care programs—

"(A) each such program provided shall be developmentally appropriate and meet the diverse recreational, social, emotional, cultural, and educational needs of school-aged children; and

"(B) each such program shall be in compliance with—

"(i) applicable State regulatory standards for health and safety; and

"(ii) applicable State standards for program quality.

"(9) A smooth transition of children shall be encouraged—

"(A) from early childhood development programs to kindergarten; and

"(B) from kindergarten to grade 1.

"(10) Services shall include—

"(A) adequate and nutritious meals and snacks;

"(B) if practicable, social services; and

"(C) in the case of early childhood development programs—

"(i) coordination of such health and nutrition services as are available from other agencies for children in such programs; and

"(ii) referrals to health and social services for which an enrolled child and the family of such child are eligible under Federal, State, or local law.

"(11) Information, programs, and activities for parents shall be provided, to the extent practicable, in a language and form the parents understand.

"(c) FEES.—Payments received by local educational agencies from parents of children who receive early childhood development services under the authority of subsection (b)(1)(C)(ii) or before- and after-school child care services under the authority of subsection (b)(3)(C)(ii) shall be retained by such agencies and shall be expended by such agencies only to carry out this title.

"(d) COORDINATION WITH EXISTING PROVIDERS.—Each local educational agency that receives funds under this title shall coordinate the program carried out with such funds with other public entities and private nonprofit community-based organizations that provide before- and after-school child care and early childhood development programs in the area served by the local educational agency, including entities and organizations that provide programs with assistance received under section 619 of the Education of the Handicapped Act.

"(e) CONTRACTING AUTHORITY.—

"(1) A local educational agency may provide a before- and after-school child care program or early childhood development program in accordance with the provisions of this title through grants to or contracts with other public entities and eligible private nonprofit community-based organizations that provide before- and after-school child care programs or early childhood development programs, as appropriate. In making a grant or entering into a contract under the authority of the preceding sentence, a local educational agency shall give priority to a program offered in a public school building, if the cost of such program is comparable to the costs of programs offered in other facilities.

"(2) To be eligible for a grant or contract under this subsection, a private nonprofit community-based organization shall provide assurances that—

"(A) the organization is able to and willing to enroll in the program, or has a history of enrolling, racially, ethnically, linguistically, and economically diverse children and children with disabilities;

"(B) the organization will ensure that the program is in compliance with section 654 of the Head Start Act; and

"(C) the organization will comply with other reasonable requirements established by the local educational agency consistent with the purposes of this title.

"(f) PROHIBITION OF SECTARIAN ACTIVITIES.—No provider of a program receiving assistance under this title shall engage in any sectarian activity, including sectarian worship and instruction, in such program.

"SEC. 8004. STATE PROGRAM REQUIREMENTS.

"(a) STATE EDUCATIONAL AGENCY ASSURANCES.—In order for a State to participate under this title, the State shall submit to the Secretary, through its State educational agency, assurances that the State educational agency—

"(1) will meet the requirements in paragraphs (2) and (5) of section 435 of the General Education Provisions Act, relating to fiscal control and fund accounting procedures;

"(2) will establish, before the expiration of the 3-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989—

"(A) standards for early childhood development programs for which funds are received under this title, which shall include standards relating to—

"(i) group size limits in terms of the number of staff members and the number and ages of children;

"(ii) the maximum appropriate child-staff ratios;

"(iii) qualifications and background of staff members;

"(iv) health, nutrition, and safety requirements for children and staff members; and

"(v) parental involvement; and

"(B) standards for before- and after-school child care programs for which funds are received under this title, which shall include standards relating to—

"(i) inservice training for staff members;

"(ii) health, nutrition, and safety requirements for children and staff members; and

"(iii) parental involvement;

"(3) will ensure that its local educational agencies and State agencies receiving funds under this title comply with any applicable statutory and regulatory provisions pertaining to this title; and

"(4) will require any local educational agency that desires to receive assistance under this title to submit an application for such assistance that includes a 2-year plan describing how the local educational agency will carry out the objectives of this title.

"(b) LIMITATION ON STATE PROGRAM COSTS.—The State educational agency may, from the amounts paid to it pursuant to section 8006, use not more than 3 percent of such amounts for costs of administration related to carrying out this title.

"SEC. 8005. ESTABLISHMENT AND REVISION OF SLIDING FEE SCALE.

"The State shall establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing between the Federal Government (acting indirectly through the State and local educational agencies) and the families that receive child care or early childhood development services for which assistance is provided under this title. Such fee scale shall be based on the services provided to, and the income of the families (adjusted for family size and extraordinary medical expenses paid by

the family as a result of a disability of a family member) of, eligible children who receive such services, except that it shall apply only to services received by children from families with income of more than 100 percent of the poverty level but not more than 160 percent of the lower living standard income level.

"SEC. 8006. PAYMENTS TO STATES.

"The Secretary shall pay to each State on a timely basis, in advance or otherwise, the amount which it and the local educational agencies of such State are eligible to receive under this title.

"SEC. 8007. PAYMENTS TO LOCAL EDUCATIONAL AGENCIES.

"Each State educational agency shall distribute not less than 97 percent of the amounts paid to it pursuant to section 8006 to the local educational agencies of the State which are eligible to receive grants under this title and which have applications and plans approved by the State.

"SEC. 8008. DEFINITIONS.

"For purposes of this title:

"(1) The term 'community-based organization' means an organization that—

"(A) is representative of the community or significant segments of the community; and

"(B) provides child care, preschool programs, or early childhood development programs.

"(2) The term 'early childhood development program' means a program to provide educational services that are appropriate for the child's age and all areas of the individual child's development, including physical, emotional, social, cultural, cognitive, and communication, and including services appropriate to meet the needs of children with disabilities.

"(3) The term 'full working day' means at least 10 hours per day.

"(4) The term 'lower living standard income level' means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor and based on the most recent lower living family budget issued by the Secretary of Labor.

"(5) The term 'non-English language background' means the experience of living in a home in which the primary language spoken is not English.

"(6) The term 'poverty level' means the criteria of poverty used by the Bureau of the Census in compiling the most recent decennial census for a family of 4 in such form as those criteria have been updated by increases in the Consumer Price Index For All Urban Consumers.

"(7) The term 'sliding fee scale' means the sliding fee scale established and revised under section 8005.".

SEC. 201. TECHNICAL AMENDMENT.

The first sentence of section 1005(c)(2)(B) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2711(c)(2)(B)) is amended by inserting after "Consumer Price Index" the following: "For All Urban Consumers".

TITLE III—CHILD CARE SERVICES FOR INFANTS, TODDLERS, AND YOUNG CHILDREN

SEC. 301. ESTABLISHMENT OF PROGRAM.

Chapter 8 of subtitle A of title VI of Public Law 97-35 (42 U.S.C. 9871-9877) is amended—

(1) by redesignating subchapters C, D, and E as subchapters D, E, and F, respectively; and

(2) by inserting after subchapter B the following:

"Subchapter C—Child Care Services for Infants, Toddlers, and Young Children

"SEC. 658A. SHORT TITLE.

"This subchapter may be cited as the 'Child Care Services For Infants, Toddlers, And Young Children Act'.

"SEC. 658B. AMOUNTS RESERVED; ALLOTMENTS.

"(a) AMOUNTS RESERVED.—

"(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve not to exceed one half of 1 percent of the amount made available under section 3(b)(3) of the Early Childhood Education and Development of 1989 in each fiscal year for pay-

ments to Guam, American Samoa, the Virgin Islands of the United States, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and Palau, to be allotted in accordance with their respective needs.

"(2) INDIANS.—The Secretary shall reserve an amount, not less than 1.5 percent and not more than 3 percent of the amount made available under section 3(b)(3) of the Early Childhood Education and Development of 1989 in each fiscal year, to carry out subsection (c) regarding Indian children.

"(b) STATE ALLOTMENT.—

"(1) GENERAL RULE.—From the remainder of the amount made available under section 3(b)(3) of the Early Childhood Education and Development Act of 1989 for each fiscal year, the Secretary shall allot to each State (excluding jurisdictions referred to in subsection (a)(1)) an amount equal to the sum of—

"(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment factor bears to the sum of the corresponding products for all States; and

"(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the allotment factor bears to the sum of the corresponding products for all the States.

"(2) ALLOTMENT PERCENTAGE.—

"(A) IN GENERAL.—The allotment factor for a State is determined by dividing—

"(i) the per capita income of all individuals in the United States; by

"(ii) the per capita income of all individuals in the State.

"(B) LIMITATIONS.—If a sum determined under subparagraph (A)—

"(i) exceeds 1.2, then the allotment factor of that State shall be considered to be 1.2; and

"(ii) is less that 0.8, then the allotment percentage of the State shall be considered to be 0.8.

"(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

"(i) determined at 4-year intervals;

"(ii) applied for the 4-year period beginning on October 1 of the first fiscal year beginning on the date such determination is made; and

"(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce at the time such determination is made.

"(c) PAYMENTS FOR THE BENEFIT OF INDIAN CHILDREN.—

"(1) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—From the funds reserved under subsection (a)(2), the Secretary may, upon the application of an Indian tribe or tribal organization, enter into a contract with or make a grant to such Indian tribe or tribal organization for a period of 2 years, subject to satisfactory performance, to plan and carry out programs and activities that are consistent with this subchapter. Such contract or grant shall be subject to the terms and conditions of section 102 of the Indian Self-Determination Act (25 U.S.C. 450f) and shall be conducted in accordance with sections 4, 5, and 6 of the Act of April 16, 1934 (48 Stat. 596; 25 U.S.C. 655-657), that are relevant to such programs and activities.

"(2) INDIAN RESERVATIONS.—In the case of an Indian tribe in a State other than the States of Oklahoma, Alaska, and California, such programs and activities shall be carried out on the Indian reservation for the benefit of Indian children.

"(3) STANDARDS.—(A)(i) Subject to subparagraph (B), in the case of an Indian tribe or tribal organization that has in effect licensing or regulatory requirements applicable to child care services, the Secretary shall incorporate such requirements into the grant or contract made under this subsection with respect to such tribe or such tribal organization.

"(ii) Subject to subparagraph (B) and if there are no tribal requirements of the kind described in clause (i), the Secretary shall establish, through the application process, standards applicable to child care services provided under such programs and activities. For purposes of establishing such standards, the Secretary shall take into consideration—

"(I) the codes, regulations, and cultural factors of the Indian tribe involved, as expressed by such tribe or the tribal organization that represents such tribe; and

"(II) the State licensing and regulatory requirements applicable to child care services provided in the State in which such program and activities are carried out.

"(B) After the Secretary establishes model child care standards under section 658H(e)(2), the Secretary shall incorporate into any subsequent grant or contract made under this subsection—

"(i) minimum child care standards established by the Indian tribe or tribal organization that address all of the matters specified in paragraphs (1), (2), and (3) of section 658H(d); or

"(ii) such model child care standards;

at the option of the Indian tribe or tribal organization. The standards incorporated into such grant or contract shall apply with respect to child care services provided under such programs and activities.

"(4) AVAILABILITY OF STATE CHILD CARE SERVICES.—For the purpose of determining whether to approve an application for a contract or grant under this subsection, the Secretary shall take into consideration the availability of child care services provided in accordance with this subchapter by the State in which the applicant proposes to carry out a program to provide child care services.

"(5) RULE OF STATUTORY CONSTRUCTION.—This subsection shall not be construed—

"(A) to limit the eligibility of any individual to participate in any program carried out with assistance received under this subchapter by a State; or

"(B) to modify any requirement imposed on a State by any provision of this subchapter.

"(6) COORDINATION.—To the maximum extent practicable, the applicant for a grant or contract under this subsection and the State in which the applicant is located shall coordinate with each other their respective child care programs and activities, including child care programs and activities carried out with assistance received under this subchapter.

"(d) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

"(e) REALLOTMENTS.—

"(1) IN GENERAL.—Any portion of the allotment under subsection (b) to a State that the Secretary determines is not required to carry out a State plan approved under section 658C(d), in the period for which the allotment is made available, shall be reallotted by the Secretary to other States in proportion to the original allotments to the other States.

"(2) LIMITATIONS.—(A) The amount of any reallotment to which a State is entitled to under paragraph (1) shall be reduced to the extent that it exceeds the amount that the Secretary estimates will be used in the State to carry out a State plan approved under section 658C(d).

"(B) the amount of such reduction shall be similarly reallotted among States for which no reduction in an allotment or reallotment is required by this subsection.

"(3) AMOUNTS REALLOTTED.—For purposes of any other section of this subchapter, any amount reallotted to a State under this subsection shall be deemed to be part of the allotment made under subsection (b) to the State.

"(f) DEFINITION.—For the purposes of this section, the term 'State' means any of the several States, the District of Columbia, or the Commonwealth of Puerto Rico.

"SEC. 658G. APPLICATION AND PLAN.

"(a) APPLICATION.—To be eligible to receive funds under this subchapter, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require by rule.

"(b) PLAN.—The application of a State submitted under subsection (a) shall include an assurance that the State will comply with the requirements of this subchapter and a State plan that is designed to be implemented during a 2-year period and that meets the requirements of subsection (c).

"(c) REQUIREMENTS OF THE PLAN.—

"(1) LEAD AGENCY.—The plan shall contain an assurance that the financial assistance received under this subchapter by the State will be administered by the lead agency and shall identify the lead agency designated in accordance with section 659D of the Child Care and Early Childhood Development Coordinating Activities Act.

"(2) POLICIES AND PROCEDURES.—The plan shall set forth policies and procedures designed to ensure all of the following:

"(A) That, to the maximum extent feasible—

"(i) the parents of each eligible child who will receive child care services for which assistance is provided under paragraph (3) are permitted to select the eligible child care provider that will provide such services to such child; and

"(ii) the State will attempt to place such child with the eligible child care provider selected by such parents.

"(B) That—

"(i) all providers of child care services for which assistance is provided under this subchapter comply with all licensing and regulatory requirements (including registration requirements) applicable under State and local law; and

"(ii) such requirements are imposed and enforced by the State uniformly on all such providers that provide child care services under similar child care arrangements.

This subparagraph shall not be construed to prohibit a State to impose more stringent standards or requirements on child care providers who provide services for which assistance is provided under this subchapter and who also receive State funds under any other law to provide child care services under a contract or other arrangement with the State.

"(C) That procedures will be established to ensure that child care providers required to be licensed or regulated in the State comply with the standards established under section 658F(a) by the State as well as all applicable State and local licensing and regulatory requirements (including registration requirements).

"(D) That the State will not—

"(i) reduce the categories of child care providers licensed or regulated by the State on the date of enactment of the Early Childhood Education and Development Act of 1989; or

"(ii) reduce the level of standards applicable to child care services provided in the State and to the matters referred to in sections 658F, even if such standards exceed the model standards established under section 658H(e)(2) by the Secretary unless the State demonstrates, to the satisfaction of the Secretary that the reduction is based on positive developmental practice.

"(E) That for each fiscal year the State will use an amount not to exceed 2 percent of the amount of funds received under section 658B by the State for such fiscal year to administer the State plan.

"(F) That the State will pay funds under this subchapter to eligible child care providers in a timely fashion to ensure the continuity of child care services to eligible children.

"(G) That each eligible child care provider who provides services for which assistance is provided under paragraph (3)—

"(i) to the maximum extent feasible, provides child care services to a reasonable mix of children, including children from different socioeconomic backgrounds and children with a disability;

"(ii) after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989, complies with the minimum child care standards established under section 658F(a) by the State; and

"(iii) complies with the State plan and the requirements of this subchapter.

"(H) That child care services for which assistance is provided under paragraph (3) are available to children who are identified in the local needs assessments to receive special attention.

"(I) That child care providers in the State are encouraged to develop personnel policies that include compensated time for staff undergoing training required under this subchapter.

"(J) That child care services for which assistance is provided under paragraph (3) are provided for an adequate number of hours and days to serve the needs of parents of eligible children, including parents who work nontraditional hours.

"(3) CHILD CARE SERVICES.—The plan shall provide that the State will use the amount allotted to the State in any fiscal year to provide child care services that meet the requirements of this subchapter to eligible children in the State

on a sliding fee scale basis and using funding methods provided for in section 658D, and in providing for such services will give priority to children whose families have very low income.

"(4) DISTRIBUTION OF FUNDS.—The plan shall provide that funds will be distributed, to the maximum extent feasible—

"(A) to a variety of types of child care providers in each community, including center-based child care providers, group home child care providers, and family child care providers; and

"(B) equitably among applicants in rural and urban areas.

"(5) REIMBURSEMENTS.—The plan shall provide that, for child care services for which assistance is provided under this subchapter, reimbursement (including any fee paid by the family of a child that receives such services) shall be made at not less than the fair market rate for such services in the geographical area in the State in which such services are being provided and that such reimbursement will reflect the additional cost to a provider of special services or a provider serving special populations of children, with a higher rate of reimbursement being provided for—

"(A) programs providing comprehensive child care services and family support services to adolescent parents;

"(B) the care of eligible children who have a disability; and

"(C) eligible children who are less than 3 years of age.

"(d) APPROVAL OF APPLICATIONS.—The Secretary shall approve an application submitted under this section that satisfies the requirements of this section but only if—

"(1) the State that submitted such application also submitted an application for a grant under the Child Care and Early Childhood Development Coordinating Activities Act for the same fiscal year; and

"(2) the application submitted under the Child Care and Early Childhood Development Coordinating Activities Act is approved.

"SEC. 658D. SPECIAL RULES FOR USE OF STATE ALLOTMENTS.

"(a) GRANTS AND CONTRACTS.—The child care services referred to in section 658C(c)(3) that are to be provided out of the allotment to a State, shall be provided—

"(1) by contracts with or grants to eligible child care providers who agree to provide such services directly to eligible children; or

"(2) by grants to units of general purpose local government or contracts with nonprofit private organizations to provide child care services by making grants to or contracts with eligible child care providers.

"(b) REQUIREMENTS.—For purposes of subsection (a), each entity that makes a grant to or contract with an eligible child care provider shall—

"(1) identify eligible children; and

"(2) allow the parents of eligible children to select from among all eligible child care providers to provide child care services.

"SEC. 658E. CONTINUING ELIGIBILITY OF STATES.

"A State shall be ineligible for funds under this subchapter after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989 unless the State demonstrates to the satisfaction of the Secretary that all child care providers that receive public financial assistance and that are required to be licensed and regulated in the State—

"(1) are so licensed and regulated;

"(2) satisfy the minimum child care standards established under section 658F(a) by the State; and

"(3) are subject to the enforcement provisions referred to in section 659E(c)(4) of the Child Care and Early Childhood Development Coordinating Activities Act.

"SEC. 658F. MINIMUM STATE CHILD CARE STANDARDS AND TRAINING REQUIREMENT.

"(a) MINIMUM CHILD CARE STANDARDS.—A State that receives funds under this subchapter after the expiration of the 3-year period beginning on the date the enactment of the Early Childhood Education and Development Act of 1989 shall have in effect minimum child care standards that address all of the matters specified in paragraphs (1), (2), and (3) of section 658H(d) and that apply with respect to child care services provided in the State by child care providers that receive public financial assistance and that are required to be licensed and regulated by the State.

"(b) MINIMUM TRAINING REQUIREMENT.—A State that receives funds under this subchapter after the expiration of the 2-year period beginning on the date the enactment of the Early Childhood Education and Development Act of 1989 shall require that all child care providers (and the caregivers employed by such providers) that

receive public financial assistance and that are required to be licensed and regulated in the State complete annually at least 15 hours of training.

"SEC. 658G. FEDERAL ENFORCEMENT.

"(a) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this subchapter and the plan approved under section 658C(d) for the State.

"(b) NONCOMPLIANCE.—

"(1) IN GENERAL.—If the Secretary, after reasonable notice and opportunity for a hearing to a State, finds that—

"(A) there has been a failure by the State to comply substantially with any provision or any requirements set forth in the plan approved under section 658C(d) for the State; or

"(B) in the operation of any program or project for which assistance is provided under this subchapter there is a failure by the State to comply substantially with any provision of this subchapter;

the Secretary shall notify the State of the finding and that no further payments may be made to such State under this subchapter (or, in the case of noncompliance in the operation of program or activity, that no further payments to the State will be made with respect to such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

"(2) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to this paragraph (1), the Secretary may, in addition to imposing the sanctions described in such paragraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this subchapter, and disqualification from the receipt of financial assistance under this subchapter.

"(3) NOTICE.—The notice required under paragraph (1) shall include a specific identification of any additional sanction being imposed under paragraph (2).

"(c) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

"(1) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this subchapter; and

"(2) imposing sanctions under this section.

"SEC. 658H. NATIONAL ADVISORY COMMITTEE ON MODEL CHILD CARE STANDARDS.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—In order to improve the quality of child care services, the Secretary shall establish, not later than 60 days after the date of the enactment of the Early Childhood Education and Development Act of 1989, the National Advisory Committee On Model Child Care Standards the members of which shall be appointed from among representatives of—

"(A) persons who carry out various types of child care programs;

"(B) persons who carry out resource and referral programs;

"(C) child care and early childhood development specialists;

"(D) early childhood education specialists and specialists in the education of children with a disability and children whose English language proficiency is limited as a result of their non-English language background;

"(E) individuals who have expertise in pediatric health care, nutrition, disabilities, and related fields;

"(F) organizations representing child care employees;

"(G) individuals who have experience in the regulation of child care services;

"(H) parents who have been actively involved in child care programs; and

"(I) States.

"(2) APPOINTMENT OF MEMBERS.—The Committee shall be composed of 21 members of which—

"(A) 7 members shall be appointed by the President;

"(B) 4 members shall be appointed by the majority leader of the Senate;

"(C) 3 members shall be appointed by the minority leader of the Senate;

"(D) 4 members shall be appointed by the Speaker of the House of Representatives; and

"(E) 3 members shall be appointed by the minority leader of the House of Representatives.

Not less than one-third of the members of the Committee shall be appointed from among individuals described in paragraph (1)(H).

"(3) CHAIRMAN.—The Committee shall appoint a chairman from among the members of the Committee.

"(4) VACANCIES.—A vacancy occurring on the Committee shall be filled in the same manner as that in which the original appointment was made.

"(b) PERSONNEL, REIMBURSEMENT, AND OVERSIGHT.—

"(1) PERSONNEL.—The Secretary shall make available to the Committee office facilities, personnel who are familiar with child development and with developing and implementing regulatory requirements, technical assistance, and funds as are necessary to enable the Committee to carry out effectively its duties.

"(2) REIMBURSEMENT.—(A) Members of the Committee who are not regular full-time employees of the United States Government shall, while attending meetings and conferences of the Committee or otherwise engaged in the business of the Committee (including traveltime), be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding the rate specified at the time of such service under GS–18 of the General Schedule established under section 5332 of title 5, United States Code.

"(B) While away from their homes or regular places of business on the business of the Committee, such members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

"(3) OVERSIGHT.—The Secretary shall ensure that the Committee is established and operated in accordance with the Federal Advisory Committee Act (5 U.S.C. App.).

"(c) DUTIES.—The Committee shall—

"(1) review Federal policies with respect to child care services and such other data as the Committee may deem appropriate;

"(2) not later than 180 days after the date on which a majority of the members of the Committee are first appointed, submit to the Secretary proposed model standards described in subsection (d) for child care services, taking into account the different needs of infants, toddlers, and preschool and school-age children; and

"(3) develop and make available to lead agencies, for distribution to resource and referral agencies in the State, model requirements for resource and referral agencies.

"(d) MODEL CHILD CARE STANDARDS.—The proposed model child care standards submitted pursuant to subsection (c)(2) shall consist of only the following:

"(1) CENTER-BASED CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by center-based child care providers shall be limited to—

"(A) group size limits in terms of the number of caregivers and the number and ages of children;

"(B) the maximum appropriate child-staff ratios;

"(C) qualifications and background of child care personnel;

"(D) health, nutrition, and safety requirements for children and caregivers; and

"(E) parental involvement in licensed and regulated child care services.

"(2) FAMILY CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by family child care providers shall be limited to—

"(A) the maximum number of children for which child care services may be provided and the total number of infants for which child care services may be provided;

"(B) the minimum age for caregivers; and

"(C) health, nutrition, and safety requirements for children and caregivers.

"(3) GROUP HOME CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by group home child care providers shall be limited to the matters specified in paragraphs (1)(B) and (2).

"(e) CONSIDERATION AND ESTABLISHMENT OF STANDARDS.—

"(1) NOTICE OF PROPOSED RULEMAKING.—Not later than 90 days after receiving the recommendations of the Committee, the Secretary shall—

"(A) publish in the Federal Register—

"(i) a notice of proposed rulemaking concerning the model standards proposed under subsection (d) to the Secretary; and

"(ii) such proposed model standards for public comment; and

"(B) distribute such proposed model standards, for comment, to each lead agency and each State committee on child care licensing established under

section 659G of the Child Care and Early Childhood Development Coordinating Activities Act.

"(2) ESTABLISHMENT OF MODEL CHILD CARE STANDARDS.—(A) The Secretary shall, in consultation with the Committee—

"(i) take into consideration any comments received by the Secretary with respect to the model standards proposed under subsection (d); and

"(ii) not later than 180 days after publication of such standards, shall issue rules establishing model child care standards for purposes of this subchapter. Such standards shall include nutrition requirements.

"(B) The Secretary may amend any standard first established under subparagraph (A), except that such standard may not be modified, by amendment or otherwise, to make such standard less comprehensive or less stringent than it is when first established.

"(3) ADDITIONAL COMMENTS.—The Committee may submit to the Secretary and to the Congress such additional comments on the model child care standards established under paragraph (2) as the Committee considers appropriate.

"(f) TERMINATION OF COMMITTEE.—The Committee shall cease to exist 90 days after the date the Secretary establishes model child care standards under subsection (e)(2).

"SEC. 658I. ESTABLISHMENT AND REVISION OF SLIDING FEE SCALE.

"The State shall establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing between the Federal Government (acting indirectly through the State and service providers) and the families that receive child care services for which assistance is provided under this subchapter. Such fee scale shall be based on the services provided to, and the income of the families (adjusted for family size and extraordinary medical expenses paid by the family as a result of a disability of a family member) of, eligible children who receive such services, except that families whose income does not exceed the poverty line (as determined under section 652 of the Head Start Act) may not be required to pay a fee for such services.

"SEC. 658J. APPLICABILITY OF PROVISIONS OF THE HEAD START ACT.

"Sections 654, 655, and 656 of the Head Start Act (42 U.S.C. 9849–9851) shall apply with respect to this subchapter to the same extent and in the same manner as such sections apply with respect to such Act. No child care provider receiving financial assistance under this subchapter shall engage in any sectarian activity, including sectarian worship and instruction, in the program for which such assistance is received.

"SEC. 658K. DEFINITIONS.

"As used in this subchapter:

"(1) CAREGIVER.—The term 'caregiver' means an individual who provides a service directly to an eligible child on a person-to-person basis.

"(2) CENTER-BASED CHILD CARE PROVIDER.—The term 'center-based child care provider' means a child care provider that provides child care services in a nonresidential facility, and may include a nonprofit institution of higher education.

"(3) COMMITTEE.—The term 'Committee' means the National Advisory Committee On Model Child Care Standards established under section 658H(a).

"(4) DISABILITY.—The term 'disability' means any condition set forth in section 602(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1401(a)(1)) or subparagraph (A) or (B) of section 672(1) of the Education of the Handicapped Act (20 U.S.C. 1472(1)).

"(5) ELIGIBLE CHILD.—The term 'eligible child' means an individual—

"(A) who is—

"(i) less than the age of compulsory school attendance; or

"(ii) for purposes of receiving child care services while the school attended by such individual is not in regular session for such child, of an age of compulsory school attendance but less than 13 years of age;

"(B) whose family income does not exceed 160 percent of the lower living standard income level; and

"(C) who—

"(i) resides with 1 or more parents each of whom is working, or attending a job training or educational program; or

"(ii) is receiving, or needs to receive, protective services and resides with a parent or parents not described in clause (i).

"(6) ELIGIBLE CHILD CARE PROVIDER.—The term 'eligible child care provider' means—

"(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

"(i) is licensed or regulated under State law;

"(ii) satisfies—

"(I) the Federal requirements, except as provided in clause (iii); and

"(II) the State and local requirements;

applicable to the child care services it provides; and

"(iii) after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989, complies with the minimum child care standards established under section 658F(a) by the State that are applicable to the child care services it provides; or

"(B) a child care provider who provides child care services only to an eligible child who is, by affinity or consanguinity, the grandchild of such provider if such provider satisfies the State requirements (if any) applicable to such services.

"(7) FAMILY CHILD CARE PROVIDER.—The term 'family child care provider' means 1 individual who provides child care services to any eligible child who does not reside with such individual, as the sole caregiver and in the private residence of such individual.

"(8) FAMILY SUPPORT SERVICES.—The term 'family support services' means services that assist parents by providing support in parenting and by linking parents with community resources and with other parents.

"(9) GROUP HOME CHILD CARE PROVIDER.—The term 'group home child care provider' means 2 or more individuals who jointly provide child care services in a private residence to any eligible child who does not reside with any of such individuals.

"(10) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given it in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).

"(11) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given such term in section 481(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1)), except that with respect to a tribally controlled community college such term has the meaning given it in section 2(a)(5) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(5)).

"(12) LEAD AGENCY.—The term 'lead agency' means the agency designated under section 659D of the Child Care and Early Childhood Development Coordinating Activities Act.

"(13) LOWER LIVING STANDARD INCOME LEVEL.—The term 'lower living standard income level' means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor and based on the most recent lower living family budget issued by the Secretary of Labor.

"(14) NON-ENGLISH LANGUAGE BACKGROUND.—The term 'non-English language background' means the experience of living in a home in which the primary language spoken is not English.

"(15) PARENT.—The term 'parent' includes a legal guardian or other person standing in loco parentis.

"(16) SCHOOL LUNCH FACTOR.—The term 'school lunch factor' means the ratio of the number of children in the State who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.) to the number of children in all the States who are receiving free or reduced price lunches under such program.

"(17) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services unless the context specifies otherwise.

"(18) SLIDING FEE SCALE.—The term 'sliding fee scale' means the sliding fee scale established and revised under section 658I.

"(19) STATE.—The term 'State' means any of the several States, the District of Columbia, the Virgin Islands of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau.

"(20) TRIBAL ORGANIZATION.—The term 'tribal organization' has the meaning given it in section 4(l) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(l)).

"(21) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term 'unit of general purpose local government' means a city, county, town, parish, village, or other general purpose political subdivision of a State.

"(22) YOUNG CHILD FACTOR.—The term 'young child factor' means the ratio of the number of children in the State who are less than 6 years of age to the number of children in all the States who are less than 6 years of age.".

TITLE IV—CHILD CARE AND EARLY CHILDHOOD DEVELOPMENT COORDINATING ACTIVITIES

SEC. 401. COORDINATING ACTIVITIES.

Chapter 8 of subtitle A of title VI of Public Law 97-35 (42 U.S.C. 9871-9877), as amended by section 301 of this Act, is amended—

(1) by redesignating subchapters D, E, and F as subchapters E, F, and G, respectively; and

(2) by inserting after subchapter C the following:

"Subchapter D—Child Care and Early Childhood Development Coordinating Activities

"SEC. 658A. SHORT TITLE.

"This subchapter may be cited as the 'Child Care and Early Childhood Development Coordinating Activities Act'.

"SEC. 658B. AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE.

"The Secretary may provide financial assistance to eligible States, and to Indian tribes and tribal organizations, to carry out this subchapter.

"SEC. 658C. AMOUNTS RESERVED; ALLOTMENTS.

"(a) AMOUNTS RESERVED.—From the amount made available under section 3(b)(4) of the Early Childhood Education and Development Act of 1989 in each fiscal year, the Secretary shall reserve and allot amounts for States, and for Indian tribes and tribal organizations, in the same manner as provided in subsections (a), (b), (c)(1), (c)(2), and (e) of section 658B of the Child Care Services For Infants, Toddlers, And Young Children Act, except that for purposes of this subsection a reference in such subsections to—

"(1) the State plan shall be deemed to be a reference to the State plan required by section 659E;

"(2) section 3(b)(3) of the Early Childhood Education and Development Act of 1989 shall be deemed to be a reference to section 3(b)(4) of such Act;

"(3) a subchapter shall be deemed to be a reference to this subchapter; and

"(4) a provision of section 658C of the Child Care Services For Infants, Toddlers, And Young Children Act shall be deemed to be a reference to the corresponding provision of section 659E.

"SEC. 658D. LEAD AGENCY.

"(a) DESIGNATION.—The chief executive officer of a State that desires to receive funds under this subchapter shall designate, in an application submitted to the Secretary under section 659E(a), a State agency to act as the lead agency to perform administrative functions to carry out this subchapter.

"(b) ASSISTANCE TO LOCAL CHILD DEVELOPMENT COUNCILS.—The lead agency shall provide to the local child development councils established under section 659F(a) such funds and administrative support services (including personnel), directly or by contract, as may be necessary to enable the councils to carry out their duties under section 659F.

"SEC. 658E. APPLICATION AND PLAN.

"(a) APPLICATION.—To be eligible to receive funds under this subchapter, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require by rule.

"(b) PLAN.—The application of a State submitted under subsection (a) shall include an assurance that the State will comply with the requirements of this subchapter and a State plan that is designed to be implemented during a 4-year period and that meets the requirements of subsection (c).

"(c) REQUIREMENTS OF THE PLAN.—

"(1) LEAD AGENCY.—The plan shall contain an assurance that funds received under this subchapter by the State will be administered by the lead agency and shall identify the lead agency designated in accordance with section 659D.

"(2) MANDATORY ACTIVITIES.—The plan shall provide that the State will use funds allotted under section 659C to do all of the following:

"(A) In at least 1 fiscal year in each 4-year period, provide financial assistance to establish or expand local resource and referral programs under section 659H.

"(B) In each fiscal year, improve the quality of child care services and early childhood development programs in the State by providing training in accordance with the requirements of section 659I.

"(C) In each fiscal year, improve the quality of child care services by improving the monitoring of compliance with, and enforcement of, the licensing and regulatory requirements (including registration requirements) of the State.

"(D) In the first fiscal year and at 4-year intervals thereafter, collate into a single document the most recent needs assessments (as revised to date) received under section 659F by the lead agency and transmit to the Secretary a copy of such document.

"(E) In at least 1 fiscal year in each 4-year period, improve salaries and other compensation paid to full- and part-time staff who provide child care services—

"(i) for which assistance is provided under the Head Start Act, title VIII of the Elementary and Secondary Education Act of 1965, or the Child Care Services For Infants, Toddlers, And Young Children Act; and

"(ii) to the extent practicable, in other major Federal and State child care programs;

to the extent that such salaries and other compensation are inadequate.

"(3) OTHER ACTIVITIES.—The plan shall provide that funds allotted under section 659C not necessary to carry out paragraph (2) will be used to carry out 1 or more of the following:

"(i) Make low-interest loans to eligible child care providers that are nonprofit child care providers and family child care providers to make renovations and improvements in existing facilities to be used to carry out child care programs.

"(ii) Make grants or low-interest loans to child care providers to assist such providers to meet Federal, State, and local child care standards, giving priority to such providers that serve children of families that have very low income.

"(iii) Make grants to eligible child care providers that demonstrate that they have received commitments from businesses to contribute to such providers not less than 3 times the amount of such grants. The aggregate amount of grants made under this clause in a fiscal year to a single eligible child care provider may not exceed $50,000.

"(iv) Make grants under section 659J to businesses.

"(v) Promote the involvement of local public libraries in improving early childhood learning resources and in expanding the availability of such resources to eligible child care providers.

Amounts (including interest) received by the State for the repayment of loans made under this paragraph shall be used by the State to carry out this subchapter.

"(4) ENFORCEMENT OF LICENSING AND OTHER REGULATORY REQUIREMENTS (INCLUDING REGISTRATION REQUIREMENTS).—The plan shall provide that the State, not later than 3 years after the date of enactment of the Early Childhood Education and Development Act of 1989, shall have in effect enforcement policies and practices that will be applicable to all licensed or regulated child care providers (including child care providers required to register) in the State, including policies and practices that—

"(A) require personnel who perform inspection functions with respect to licensed or regulated child care services to receive training in child development, health and safety, child abuse prevention and detection, the needs of children with a disability, program management, and relevant law enforcement;

"(B) impose personnel requirements to ensure that individuals who are hired as licensing inspectors are qualified to inspect and, to the maximum

extent feasible, have inspection responsibility exclusively for children's services;

"(C) require—

"(i) personnel who perform inspection functions with respect to licensed or regulated child care services to make not less than 1 unannounced inspection of each center-based child care provider in the State annually;

"(ii) personnel who perform inspection functions with respect to licensed or regulated child care services to make unannounced inspections annually, and during normal hours of operation, of not less than 25 percent of licensed and regulated family child care providers in the State; and

"(D) require the ratio of licensing personnel to child care providers in the State to be maintained at a level sufficient to enable the State to conduct inspections of child care facilities and providers on a timely basis and otherwise to comply with the enforcement requirements of this section;

"(E) require licensed or regulated child care providers (including registered child care providers) in the State—

"(i) to have written policies and program goals and to make a copy of such policies and goals available to parents; and

"(ii) to provide parents with unlimited access to their children whenever children of such parents are in the care of such providers;

"(F) implement a procedure to address complaints that will provide a reasonable opportunity for a parent, or child care provider, that is adversely affected or aggrieved by a decision of the lead agency or any program or activity assisted under this subchapter or the Child Care Services For Infants, Toddlers, And Young Children Act, to be heard by the State;

"(G) prohibit the operator of a child care facility to take any action against an employee of such operator that would adversely affect the employment, or terms or conditions of employment, of such employee because such employee communicates a failure of such operator to comply with any applicable licensing or regulatory requirement;

"(H) make consumer education information available to inform parents and the general public about licensing requirements, complaint procedures, and policies and practices required by this paragraph;

"(I) require a child care provider to post, on the premises where child care services are provided, the telephone number of the appropriate licensing or regulatory agency that parents may call regarding a failure of such provider to comply with any applicable licensing or regulatory requirement; and

"(j) require the State to maintain a record of parental complaints and to make information regarding substantiated parental complaints available to the public on request.

"(5) DATA COLLECTION.—The plan shall provide for the collection, and submission to the Secretary, by the State of data designed to show—

"(A) by race, sex, ethnic origin, disability, and limited English language proficiency resulting from non-English language background, how the child care needs of families in the State are being fulfilled, including information on—

"(i) the number of children being assisted with funds provided under this subchapter, and under other State and Federal child care programs;

"(ii) the type and number of child care programs, child care providers, caregivers, and support personnel located in the State;

"(iii) the cost of child care services; and

"(iv) salaries and other compensation paid to full- and part-time staff who provide child care services;

"(B) the extent to which the availability of child care services has been increased; and

"(C) that the State complies with the applicable requirements of section 658F of the Child Care Services For Infants, Toddlers, And Young Children Act.

"(6) PROPORTIONAL EXPENDITURES FOR SALARIES AND RENOVATION.—The plan shall provide that of the funds expended under paragraphs (2)(E) and (3)(A)(i)—

"(A) 29 percent shall be expended for the benefit of staff and providers who provide developmentally appropriate child care services for which funds are expended under the Head Start Act;

"(B) 29 percent shall be expended for the benefit of staff and providers who provide services in programs for which funds are expended under title VIII of the Elementary and Secondary Education Act of 1965; and

"(C) 42 percent shall be expended for the benefit of staff and providers who provide child care services for which funds are expended under the Child Care Services For Infants, Toddlers, And Young Children Act.

"(7) REPORT.—The plan shall provide that not later than December 31, 1991, and at 2-year intervals thereafter, the State will submit to the Secretary a report—

"(A) specifying—

"(i) the uses for which the State expended under paragraph (2) funds allotted to the State; and

"(ii) with respect to each purpose specified under clause (i), the amount of such funds expended;

"(B) stating the reasons supporting the selection of each such use and the amount of such funds expended for each such use; and

"(C) identifying the extent to which other resources of the State were expended for each of the activities described in subparagraphs (A) through (E) of such paragraph;

during the 2-year period for which such report is required to be submitted.

"SEC. 659F. NEEDS AND RESOURCES ASSESSMENT.

"(a) APPOINTMENT OF LOCAL CHILD DEVELOPMENT COUNCILS.—(1) The chief elected executive authority of each unit of general purpose local government in a State shall establish separately, or jointly with any other chief elected executive authority of a unit of general purpose local government in such State, a local child development council and shall appoint the members of the council.

"(2) The council shall be composed of any number of members, except that—

"(A) not less than 25 percent of the members shall be representatives of Head Start agencies (if any) that operate in the geographical area that is under the jurisdiction of such government;

"(B) not less than 25 percent of the members shall be representatives of providers of different types of child care services (including caregivers and directors) and organizations that carry out resource and referral programs of the kind described in section 659H(b);

"(C) not less than 25 percent of the members shall be representatives of local educational agencies, school board members, and teachers involved in providing early childhood development programs and before- and after-school child care programs;

"(D) not less than 25 percent of the members shall be representatives of businesses, the labor force, units of general purpose local government, and organizations in the fields of nutrition, public health, and child development; and

"(E) 25 percent of the members appointed under subparagraphs (A) through (D) shall be parents, including parents of children who are eligible to receive—

"(i) developmentally appropriate child care services under the Head Start Act;

"(ii) services in programs under title VIII of the Elementary and Secondary Education Act of 1965; and

"(iii) child care services under the Child Care Services For Infants, Toddlers, And Young Children Act.

"(b) PREPARATION AND REVISION OF LOCAL NEEDS AND RESOURCES ASSESSMENTS.—A State that receives funds under this subchapter for a fiscal year shall require each council—

"(1) to prepare and submit to the lead agency, in accordance with guidelines issued by the chief executive officer of the State, a written assessment of—

"(A) the needs and resources for child care services and early childhood development services in the geographical area for which the council is established; and

"(B) the effectiveness of existing child care services, early childhood development services, and related services for which assistance is provided under this subchapter or under other laws, in meeting such needs; and

"(2) at 4-year intervals after submitting such assessment, to revise such assessment to reflect changes in such needs, resources, and effectiveness occurring during the then most recently concluded 4-year period.

For purposes of preparing and revising such assessment, the council shall give special attention to meeting the needs for services for low-income children, migrant children, children with a disability, foster children, children in need of protective

services, children of adolescent parents, homeless children, and children with limited English-language proficiency resulting from non-English language background.

"SEC. 658G. STATE COMMITTEE ON CHILD CARE LICENSING.

"(a) ESTABLISHMENT.—The chief executive officer of a State that receives funds under this subchapter shall establish, in the first fiscal year for which such funds are received, a State committee on child care licensing and shall appoint the members of the committee.

"(b) COMPOSITION.—The committee shall be composed of—

"(1) 1 representative of the State department of health;

"(2) 1 representative of the State department of human services or of social services;

"(3) 1 representative of the State department of education;

"(4) at least 1 representative of different types of providers (including caregivers and directors) of child care services, including providers who serve school-age children;

"(5) at least 1 representative of resource and referral programs;

"(6) 1 pediatrician;

"(7) parents of children receiving or in need of child care services, including parents whose children are receiving or are in need of subsidized child care services;

"(8) 1 representative of fire marshals and building inspectors;

"(9) 1 representative of child protective services; and

"(10) at least 1 representative of local educational agencies and teachers involved in providing child care services.

"(c) DUTIES.—

"(1) REVIEW OF LICENSING AUTHORITY.—The committee shall review the law applicable to, and the licensing requirements and the policies of, each licensing agency that regulates child care services and programs in the State unless the State has reviewed such law, requirements, and policies in the 4-year period ending on the date of the establishment of the committee under subsection (a).

"(2) REPORT.—(A) Not later than 18 months after establishment of the committee under subsection (a), the committee shall prepare and submit a report to the chief executive officer of the State involved.

"(B) Such report shall contain—

"(i) a statement of the findings and recommendations that result from the committee review under paragraph (1), including a description of the current status of child care licensing, regulating, monitoring, and enforcement in the State;

"(ii) a detailed statement identifying and describing the deficiencies in the existing licensing, regulating, and monitoring programs of the State involved, including an assessment of the adequacy of personnel to carry out such programs effectively, and recommendations to correct such deficiencies or to improve such programs;

"(iii) comments on the model child care standards established by the Secretary under section 658H(e)(2) of the Child Care Services For Infants, Toddlers, And Young Children Act;

"(iv) recommendations regarding standards that should apply to local educational agencies that receive funds under title VIII of the Elementary and Secondary Education Act of 1965 to provide child care services; and

"(v) at the option of the State, a plan describing the present level of child care standards in the State, the adequacy of the State's fiscal resources, and improvements to the child care standards to be made with funds which shall be made available not later than 3 years after the date of enactment by the Secretary of Health and Human Services for a program of grants to assist States in improving child care standards and the enforcement of such standards. The Secretary shall promulgate regulations concerning the application and criteria for receipt of funds under this clause.

"(3) RECEIPT OF REPORT BY THE CHIEF EXECUTIVE OFFICER OF THE STATE.—Not later than 60 days after receiving the report from the committee, the chief executive officer of the State shall transmit such report to the Secretary with—

"(A) the comments of the chief executive officer of the State; and

"(B) a plan for correcting deficiencies in, or improving the licensing, regulating, and monitoring, of the child care services and programs referred to in paragraph (1).

"(4) TERMINATION OF ASSISTANCE.—None of the funds received under this subchapter may be used to carry out any activity under this section occurring more than 90 days after the State submits a report required by paragraph (2).

"(d) SERVICES AND PERSONNEL.—

"(1) AUTHORITY.—The lead agency is authorized to provide the services of such personnel, and to contract for such other services as may be necessary, to enable the committee to carry out its duties under this section.

"(2) REIMBURSEMENT.—Members of the committee shall be reimbursed by the lead agency, in accordance with standards established by the Secretary, for necessary expenses incurred by such members in carrying out the duties of the committee.

"(3) SUFFICIENCY OF FUNDS.—The Secretary shall ensure that sufficient funds are made available, from funds received by the State under this subchapter, to the committee to carry out its duties under this section.

"SEC. 659H. RESOURCE AND REFERRAL PROGRAMS.

"(a) RECOGNITION.—Each State that receives funds under this subchapter shall recognize a community-based organization, a public organization, a unit of general purpose local government, or a public agency that represents a combination of units of general purpose local government as the resource and referral agency for a particular geographical area in the State.

"(b) FUNDING.—Each State that receives funds under this subchapter for a fiscal year shall provide assistance, in such fiscal year, to the organizations recognized under subsection (a) to enable such organizations to carry out resource and referral programs—

"(1) to identify existing child care services;

"(2) to provide to interested parents information and referral regarding such services;

"(3) to provide or arrange for the provision of information and training to existing and potential child care providers and to others (including businesses) concerned with the availability of child care services; and

"(4) to provide information on the demand for and supply of child care services located in a community.

"(c) REQUIREMENTS.—To be eligible for recognition as a resource and referral agency for a designated geographical area in a State, an organization shall—

"(1) have or acquire a database of information on child care services in the geographical area that the organization continually updates, including child care services provided in centers, nursery schools, and family child care settings;

"(2) have the capability to provide resource and referral services in the designated geographical area;

"(3) be able to respond in a timely fashion to requests for information or assistance;

"(4) be a public agency, or a community-based organization, located in the geographical area to be served; and

"(5) be able to provide parents with a checklist to identify quality child care services.

"(d) DUTY.—An organization recognized under subsection (a) as a resource and referral agency shall gather, update, and provide information concerning child care services available from eligible child care providers in the geographical area served by such organization.

"(e) LIMITATION ON INFORMATION.—An organization recognized under subsection (a) as a resource and referral agency shall not provide information concerning any child care program or services which are not in compliance with the laws of the State and localities in which such services are provided.

"(f) COORDINATION.—Each organization recognized under subsection (a) shall coordinate the activities it carries out under such subsection with the activities carried out by the State under paragraphs (5), (6), and (7) of section 676(b) of the Education of the Handicapped Act (20 U.S.C. 1476).

"SEC. 659I. TRAINING AND RELATED ACTIVITIES.

"(a) CLEARINGHOUSE.—A State that receives funds under this subchapter for a fiscal year shall establish in the lead agency a clearinghouse to collect and disseminate training materials to resource and referral agencies and child care providers throughout the State.

"(b) GRANTS AND CONTRACTS FOR TRAINING.—A State that receives funds under this subchapter for a fiscal year shall, in such fiscal year, make grants to and enter

into contracts with State and local public agencies, private nonprofit organizations, and institutions of higher education to develop and carry out child care training programs under which preservice and continuing inservice training is provided to—

"(1) staff who provide child care services for which assistance is provided under the Head Start Act, title VIII of the Elementary and Secondary Education Act of 1965, or the Child Care Services For Infants, Toddlers, And Young Children Act; and

"(2) staff of eligible child care providers and staff of resource and referral programs involved in providing child care services in the State.

"(c) TRAINING AND OTHER ACTIVITIES RELATING TO FAMILY CHILD CARE ENHANCEMENT.—

"(1) AUTHORITY TO MAKE GRANTS AND CONTRACTS.—A State that receives funds under this subchapter for a fiscal year shall, in such fiscal year, make grants to and enter into contracts with nonprofit organizations, including resource and referral organizations, child care food program sponsors, and family child care associations, to enable such organizations to develop and carry out child care training programs under which preservice and inservice training is provided to eligible child care providers that are family child care providers.

"(2) ELIGIBILITY REQUIREMENTS FOR GRANTS AND CONTRACTS.—To be eligible to receive a grant or enter into a contract under paragraph (1), a nonprofit organization shall—

"(A) recruit and train individuals to become family child care providers, including providers with the capacity to provide night-time child care services and emergency child care services at irregular hours (as well as emergency care for sick children);

"(B) provide ongoing training to individuals who are family child care providers, including specialized training in working with infants;

"(C) operate resource centers to make developmentally appropriate curriculum materials available to family child care providers;

"(D) provide grants to family child care providers for the purchase of moderate cost equipment to be used to provide child care services; and

"(E) provide such other services to family child care providers in the communities of such organization as the lead agency determines to be appropriate.

"(d) PROPORTIONAL DISTRIBUTION OF TRAINING.—Of the funds expended by a State carry out subsections (b) and (c)—

"(1) 29 percent shall be expended for the benefit of staff who provide developmentally appropriate child care services for which funds are expended under the Head Start Act;

"(2) 29 percent shall be expended for the benefit of staff who provide services in programs for which funds are expended under title VIII of the Elementary and Secondary Education Act of 1965; and

"(3) 42 percent shall be expended for the benefit of staff who provide child care services for which funds are expended under the Child Care Services For Infants, Toddlers, And Young Children Act.

"SEC. 658J. CHILD CARE SERVICES PROVIDED BY BUSINESSES.

"(a) ACTIVITIES AUTHORIZED.—A State that receives funds under this subchapter for a fiscal year may carry out activities in such fiscal year designed to encourage businesses in the State to support or provide child care services to a reasonable mix of children, including children from different socioeconomic backgrounds, of employees and nonemployees. Such activities may include—

"(1) disseminating information relating to—

"(A) model child care programs appropriate for implamentation by such businesses;

"(B) flexible employee work schedules; and

"(C) the identity of individuals who are willing and qualified to speak to employers regarding the establishment and operation of child care programs;

"(2) establishing a demonstration program under which grants are made to local nonprofit private organizations to improve and expand child care services in cooperation with employers who contribute to the cost of such improvement or expansion;

"(3) making grants to businesses that directly provide exemplary child care services to enable such businesses to assist other businesses to provide child care services directly;

"(4) making grants, on a competitive basis, to businesses and eligible child care providers jointly, to establish innovative programs to provide child care services;

"(5) encouraging such businesses to participate in resource and referral activities carried out by organizations recognized under section 659H(a); and

"(6) making grants to businesses that subsidize child care services provided to their employees.

In carrying out such activities, the chief executive officer of the State, or the designee of such officer, shall provide outreach to such businesses, and encourage such businesses to contribute to the cost of carrying out such activities.

"(b) PRIORITY.—For the purpose of making grants under subsection (a)(2), the Secretary shall give priority to businesses that have fewer than 100 full-time employees.

"SEC. 659K. LIBRARY SERVICES.

"(a) INVOLVEMENT OF LIBRARIES.—A State that receives funds under this subchapter for a fiscal year, shall promote in such fiscal year the involvement of public libraries (and elementary and secondary school libraries, as appropriate), and the utilization of the services and resources of such libraries, in the activities for which funds appropriated under section 3(a) of the Early Childhood Education and Development Act of 1989 are expended.

"(b) AUTHORITY TO MAKE GRANTS.—(1) In carrying out this subsection (a), a State may make grants to local public libraries (and elementary and secondary school libraries, as appropriate) to improve the quality of early childhood learning resources and to expand the availability of such resources to eligible child care providers (particularly family child care providers) that provide child care services to preschool children, and to the preschool children and their families served by such providers. Such grants may be expended—

"(A) to acquire early childhood learning resources for circulation among such providers, and the preschool children and their families served by such providers; and

"(B) to promote greater access to and use of early childhood learning resources by such providers, and by the preschool children and their families served by such providers, through such means as—

"(i) training such providers and their staff in the selection and effective use of early childhood learning resources with preschool children;

"(ii) maintaining deposit collections of early childhood learning resources on the premises of such providers and of resource and referral agencies;

"(iii) supporting bookmobile services to deliver early childhood learning resources to family child care and other providers; and

"(iv) developing and maintaining other appropriate outreach programs and services.

"(c) This section shall be carried out in consultation with the State library administrative agency.

"SEC. 659L. LIMITATIONS ON USE OF FINANCIAL ASSISTANCE.

"(a) SUBSTITUTION OF FUNDS.—Funds received under—

"(1) the amendments to the Head Start Act made by Early Childhood Education and Development Act of 1989;

"(2) title VIII of the Elementary and Secondary Education Act of 1965;

"(3) the Child Care Services For Infants, Toddlers, And Young Children Act; or

"(4) this subchapter;

by the State may be used only to supplement, not to supplant, the amount of Federal, State, and local funds expended for the support of the activities for which such funds are received.

"(b) EXISTING FACILITIES.—No financial assistance provided under the provisions of law specified in subsection (a) may be expended to renovate or repair any facility unless—

"(1) the child care provider that receives such financial assistance agrees—

"(A) in the case of a grant, to repay to the Secretary or the State, as the case may be, the amount that bears the same ratio to the amount of such grant as the value of the renovation or repair, as of the date such provider ceases to provide child care services in such facility in accordance with this subchapter, bears to the original value of the renovation or repair; and

"(B) in the case of a loan, to repay immediately to the Secretary or the State, as the case may be, the principal amount of such loan outstanding

and any interest accrued, as of the date such provider ceases to provide child care services in such facility in accordance with this subchapter;

if such provider does not provide child care services in such facility in accordance with this subchapter throughout the useful life of the renovation or repair; and

"(2) if such provider is a sectarian agency or organization, the renovation or repair is necessary to bring such facility into compliance with health and safety requirements imposed as a result of such provisions of law.

"SEC. 659M. LIMITATION ON STATE ELIGIBILITY TO RECEIVE FUNDS.

"Notwithstanding any other provision of this subchapter, a State is eligible to receive funds under this subchapter for a fiscal year only if such State receives for such fiscal year funds under—

"(1) title VIII of the Elementary and Secondary Education Act of 1965; or

"(2) the Child Care Services For Infants, Toddlers, And Young Children Act.

"SEC. 659N. FEDERAL ENFORCEMENT.

"(a) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this subchapter and the plan approved under section 659E for the State.

"(b) NONCOMPLIANCE.—

"(1) IN GENERAL.—If the Secretary, after reasonable notice and opportunity for a hearing to a State, finds that—

"(A) there has been a failure by the State to comply substantially with any provision or any requirements set forth in the plan approved under section 659E for the State; or

"(B) in the operation of any program or project for which assistance is provided under this subchapter there is a failure by the State to comply substantially with any provision of this subchapter;

the Secretary shall notify the State of the finding and that no further payments may be made to such State under this subchapter (or, in the case of noncompliance in the operation of program or activity, that no further payments to the State will be made with respect to such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

"(2) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to this paragraph (1), the Secretary may, in addition to imposing the sanctions described in such paragraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this subchapter, and disqualification from the receipt of financial assistance under this subchapter.

"(3) NOTICE.—The notice required under paragraph (1) shall include a specific identification of any additional sanction being imposed under paragraph (2).

"(c) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

"(1) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this subchapter; and

"(2) imposing sanctions under this section.

"SEC. 659O. APPLICABILITY OF PROVISIONS OF THE HEAD START ACT.

"Sections 654, 655, and 656 of the Head Start Act (42 U.S.C. 9849-9851) shall apply with respect to this subchapter to the same extent and in the same manner as such sections apply with respect to such Act. No individual or entity receiving financial assistance under this subchapter shall engage in any sectarian activity, including sectarian worship and instruction, in the program for which such assistance is received.

"SEC. 659P. DEFINITIONS.

"As used in this subchapter:

"(1) CENTER-BASED CHILD CARE PROVIDER.—The term 'center-based child care provider' means a child care provider that provides child care services in a nonresidential facility, and may include a nonprofit institution of higher education.

"(2) COMMITTEE.—The term 'committee' means the State committee on child care licensing established under section 659G.

"(3) COMMUNITY-BASED ORGANIZATION.—The term 'community-based organization'—

"(A) means a private nonprofit organization that—

"(i) is representative of the community or of significant segments of the community; and

"(ii) provides child care, preschool programs, or early childhood development programs; or

"(B) has the meaning given it in section 4(5) of the Job Training Partnership Act (29 U.S.C. 1503(5)).

"(4) COUNCIL.—The term 'council' means a local child development council established under section 659F(a).

"(5) DISABILITY.—The term 'disability' means any condition set forth in section 602(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1401(a)(1)) or subparagraph (A) or (B) of section 672(1) of the Education of the Handicapped Act (20 U.S.C. 1472(1)).

"(6) EARLY CHILDHOOD LEARNING RESOURCES.—The term 'early childhood learning resources' includes books, audio and video tapes, films, educational toys and games and other materials designed principally for use by or with children who are less than 6 years of age.

"(7) ELIGIBLE CHILD CARE PROVIDER.—The term 'eligible child care provider' means—

"(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

"(i) is licensed or regulated under State law;

"(ii) satisfies—

"(I) the Federal requirements, except as provided in clause (iii); and

"(II) the State and local requirements;

applicable to the child care services it provides; and

"(iii) after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989, complies with the minimum child care standards established by the State under section 658F(a) of the Child Care Services For Infants, Toddlers, And Young Children Act that are applicable to the child care services it provides; or

"(B) a child care provider who provides child care services only to an eligible child who is, by affinity or consanguinity, the grandchild of such provider if such provider satisfies the State requirements (if any) applicable to such services.

"(8) FAMILY CHILD CARE PROVIDER.—The term 'family child care provider' means 1 individual who provides child care services to any eligible child who does not reside with such individual, as the sole caregiver and in the private residence of such individual.

"(9) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given it in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).

"(10) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given such term in section 481(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1)), except that with respect to a tribally controlled community college such term has the meaning given it in section 2(a)(5) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(5)).

"(11) LEAD AGENCY.—The term 'lead agency' means the agency designated under section 659D.

"(12) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given that term in section 1471(12) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(12)).

"(13) PUBLIC LIBRARY.—The term 'local public library' has the meaning given that term in section 3(5) of the Library Services and Construction Act.

"(14) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' includes an Indian tribe and a tribal organization.

"(15) NON-ENGLISH LANGUAGE BACKGROUND.—The term 'non-English language background' means the experience of living in a home in which the primary language spoken is not English.

"(16) PARENT.—The term 'parent' includes a legal guardian or other person standing in loco parentis.

"(17) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

"(18) STAFF.—The term 'staff' means an individual who provides a service directly to an eligible child on a person-to-person basis.

"(19) STATE.—The term 'State' means any of the several States, the District of Columbia, the Virgin Islands of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau.

"(20) STATE LIBRARY ADMINISTRATIVE AGENCY.—The term 'State library administrative agency' has the meaning given that term in section 3(10) of the Library Services and Construction Act.

"(21) TRIBAL ORGANIZATION.—The term 'tribal organization' has the meaning given it in section 4(l) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(l)).

"(22) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term 'unit of general purpose local government' means a city, county, town, parish, village, or other general purpose political subdivision of a State.".

TITLE V—BUSINESS INVOLVEMENT IN MEETING EMPLOYEE CHILD CARE NEEDS

SEC. 501. ESTABLISHMENT OF GRANT PROGRAM.

The Secretary of Health and Human Services shall establish a program to make grants to eligible businesses—

(1) to pay start-up costs incurred to provide child care services; or

(2) to provide additional child care services;

needed by the employees of such businesses.

SEC. 502. ELIGIBLE BUSINESSES.

To be eligible to receive a grant under section 501, a business shall submit to the Secretary an application in accordance with section 503.

SEC. 503. APPLICATION.

The application required by section 502 shall be submitted by a business (separately or jointly with another business) at such time, in such form, and containing such information as the Secretary may require by rule, except that such application shall contain—

(1) an assurance that such business shall expend, for the purpose for which such grant is made, an amount not less than 300 percent of the amount of such grant;

(2) an assurance that such business will expend such grant for the use specified in section 501, as the case may be;

(3) an assurance that if the employees of such business do not require all the child care services for which such grant and the funds required by paragraph (1) are to be expended by such business, the excess of such child care services shall be made available to families in the community in which such business is located;

(4) an assurance that such business will employ strategies to provide such child care services at affordable rates, and on an equitable basis, to low- and moderate-income employees; and

(5) an assurance that the provider of such child care services will comply with all State and local licensing requirements applicable to such provider.

SEC. 504. SELECTION OF GRANTEES.

For purposes of selecting eligible businesses to receive grants under this title, the Secretary shall give priority to businesses that have fewer than 100 full-time employees.

SEC. 505. APPLICABILITY OF PROVISIONS OF THE HEAD START ACT.

Sections 654, 655, and 656 of the Head Start Act (42 U.S.C. 9849-9851) shall apply with respect to this title to the same extent and in the same manner as such sections apply with respect to such Act.

SEC. 506. DEFINITIONS.

As used in the title:

(1) BUSINESS.—The term "business" means a person engaged in commerce whose primary activity is not providing child care services.

(2) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

SEC. 807. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated $25,000,000 for each of the fiscal years 1990, 1991, 1992, and 1993 to carry out this title.

COMMITTEE ACTION

Three Full Committee hearings were held on H.R. 3, H.R. 30 and other bills related to child care. Chairman Hawkins introduced H.R. 3 on January 3, 1989, and the Committee began hearings shortly thereafter on February 9. Two additional hearings were held on March 6, and April 5, 1989.

The Committee heard testimony from leading academicians and researchers in the areas of early childhood development and from legal and economic experts. In addition, national school-related associations and the national Head Start organization testified on existing child development and education programs and on the expansion of those services under H.R. 3. Also appearing before the Committee were representatives of child care providers, both nonprofit and proprietary, as well as other child care experts whose testimony included discussions of resource and referral services, coordination activities, business involvement, salary improvements, training of providers, standards enforcement and other such activities.

The Director of the Bush Center at Yale University and child development and social policy expert, Professor Edward Zigler, stated in his testimony that, in about a decade, 26 million children—or half the population of children—will have one or both parents in the workforce and will be in some type of care. He cautioned that whether the nation's children "grow up to be healthy and productive members of society depends very much on the decisions we make now about child care."

Dr. Zigler and various other witnesses presented testimony on the importance of utilizing the public schools in a comprehensive child care bill. Witnesses discussed expanding schools' current efforts in meeting the educational and developmental needs of young children and in providing before-and-after school care. According to a study by Ann Mitchell, Associate Dean of Bank Street College of Education, the number of States that fund prekindergarten programs has increased dramatically, quadrupling in the last decade. She testified that public school-operated prekindergarten programs are "an essential and growing element" in the system.

The National Head Start Association presented testimony on expanding the current Head Start program, as proposed in Title I of H.R. 3, to include full-day, year-round, developmentally appropriate care. The National Head Start Association indicated that they strongly believe that "Head Start has an important role in the development of expanded child care services" due to their success in working with low-income children and their families.

Also, testimony was presented from representatives of a broad array of existing providers of care and related services, who discussed the importance of upgrading staff salaries and training, enhanced health and safety standards and enforcement, the role of resource and referral agencies, and the need for coordination. Many witnesses testified about their concerns over the nation's

lack of a coherent child care system, and the need for upgrading the quality and availability of services.

Professor Alfred Kahn, a leading international researcher in the field of child care and development for the past twenty years, testified that "child care is no longer a sometime thing in child and family experience. It is neither a luxury nor a treatment for problem families." He pointed out that what also has been "a sometime thing is national child care policy."

Witnesses spoke about the growing financial burden and residual effects which result from not having a comprehensive child care policy and the ultimate impact on our society and global competitiveness if we, as a nation, continue not to respond.

H.R. 3 which has bipartisan support is sponsored by Chairman Hawkins and 115 other Members of Congress. H.R. 3 is endorsed by early childhood development experts and organizations, including: the National Head Start Association; the National Association for the Education of Young Children; the Children's Defense Fund; the National Black Child Development Institute; education organizations including the National Education Association, the National Congress of Parents and Teachers' Association, the National School Boards Association, the American Association of School Administrators, Council of the Great City Schools, the National Association of Elementary School Principals, the National Association of State Boards of Education, and the Council of Chief State School Officers; labor organizations including the AFL/CIO, American Federation of State, County, and Municipal Employees, International Ladies Garment Workers Union, and the Service Employees International Union; religiously affiliated groups; civil rights and women's groups; the National Association of Counties; the National League of Cities; community-based organizations; YMCAs; YWCAs; and others.

On June 27, 1989, by roll call vote of 23-11 the Committee on Education and Labor ordered H.R. 3, as amended, favorably reported.

Background and Need for Legislation

Testimony before the Committee on Education and Labor shows that parents seeking child care face three barriers: high cost, limited supply, and uneven quality. These factors limit child care choices, and often force parents to settle for whatever is available rather than what they prefer. To remedy this situation, and to expand parental choices, a new Federal investment in child care is required which addresses each of the barriers parents face in their search for quality child care. Without such an investment, parents with few options face the real prospect of having to leave their children in unsafe and unhealthy places during the hours that they participate in the work force.

Current estimates indicate that nationally the average cost of full-time child care is approximately $3,000 per child annually, with infant care significantly higher. Given this cost, working parents with young children rate child care as their fourth largest expense after food, housing, and taxes. The impact on low-income working parents is much more severe in proportion to their

income. More than half of family income is spent on child care in a working family with two children in which both parents earn the minimum wage. For low-income families, child care expenses consume 20 percent of family income as compared to five percent for more affluent families. The financial support which our current tax system provides for child care through Child and Dependent Care Tax Credit covers only a small portion of the actual cost of child care and barely touches low-income families—only 3 percent of the tax credit goes to the poorest 30 percent of families.

A recent Harris poll indicates that one out of three parents have difficulty finding good child care—and demographic trends strongly suggest an ever-increasing need for more child care services. According to 1988 statistics from the Department of Labor, the proportion of children under age six with mothers in the workforce has increased by nearly 80 percent, from 29 percent in 1970 to 51 percent in 1988. According to the Department of Labor, 45 percent of the labor force is comprised of women, and over the next decade two out of three new jobs are likely to be filled by women. A recent Fortune magazine survey found that child care dissatisfaction was the most reliable predictor of absenteeism and unproductive work time for working parents of both sexes with children. Although there are economic benefits to employers' involvement in supporting employees child care needs, of 6 million employers in the United States, only 3500 presently provide some form of child care support, according to the Child Care Action Campaign.

The demand for child care is influenced by many factors. Demographically, the post-World War II baby boom resulted in record numbers of births between 1946 and 1964. And although the birth rate and fertility of women have decreased since 1960, these baby boomers are now having children of their own. As a result, there are now 21.6 million preschool-age children in America, and that number is expected to reach 23 million by 1990. The number of school-age children in 1985 was 41.4 million; this number is expected to increase to almost 45 million by 1995.

Child care is an investment in both children and their families. Child care also is critical to helping families become self-sufficient. According to the U.S. General Accounting Office, about 60 percent of Aid to Families with Dependent Children (AFDC) work program respondents were prevented from participating in work programs due to the lack of child care. Other studies demonstrate that the lack of affordable child care is a critical factor in inhibiting the participation of low-income women in work and training programs. The June 1982 Current Population Survey found that 45 percent of single mothers and 36 percent of low-income mothers would seek work if child care were available at a reasonable cost. Finally, a 1986 survey of welfare recipients in Washington Stae found that nearly two-thirds of those responding cited difficulties with child care arrangements as the primary problem in seeking and keeping jobs.

Information provided to the Committee clearly shows that unless a major effort is launched, the demand for child care will continue to increase more rapidly than the supply. An adequate response to the demand for safe and affordable child care can only be achieved through the development of a strong partnership between the Fed-

eral government, State and local governments and the private sector. No single entity can address the entire need alone.

H.R. 3 fund a variety of types of child care providers to expand parental choice. Many parents, especially for infant care, use child care provided by neighborhood family day care homes, larger group homes, and child care providers operated by nonprofit community organizations, churches, employers, local government, proprietary organizations, and other entities. Some parents prefer child care closer to home while others seek settings near or at their work site. There is an increasing number of very young children who need care as well. The percentage of mothers with children under age one in the labor force has increased dramatically over the last decade. Many of these parents prefer child care for their infants and toddlers that is located in smaller neighborhood family day care homes.

The Committee believes that a separate program focused on the schools is essential if the United States is to truly have a comprehensive child care policy. The reasons for this belief were well-stated in testimony presented to the Committee by Dr. Edward Zigler of Yale University. The need to develop a child care system, parental satisfaction with the provision of services, and cost-effectiveness of programs are the three fundamental reasons for encouraging the involvement of the schools.

Public schools are in every neighborhood in every section of the United States. There is no more common public institution in our society than the schools. In a recent publication, "Child Care: The Bottom Line", the Child Care Action Campaign said of the schools "[the] appear to be obvious choice, as an agency that could add to the supply of care. Every community has a public school. They are a known institution. Their structure and administration is well developed * * *."

It therefore makes eminent sense to use the schools to make good child care available to working parents and to those in education and training. By involving the schools we will establish a good system of public child care throughout the country.

We do not expect the schools to offer all the child care available to parents. For a variety of reasons, many parents will want their children in other settings. Many fine programs of child care are currently being offered by numerous public, private non-profit, and private profit-making institutions, and funding under Title III of H.R. 3 will encourage the expansion of these programs. Furthermore, some public schools do not and will not want to offer child care and some school-aged children may also prefer to spend time with a neighborhood provider both before and after school.

Nonetheless, no comprehensive child care policy can be fashioned without incorporating the schools. Dr. Zigler emphatically told the Committee about the important role that the schools must play in finding a solution to the problem of a lack of child care. He said:

> The fact is, the problem has reached such crisis proportions that we cannot continue to address it in a band aid manner. Rather, we must begin to establish a child care system that is reliable, accessible to all children, and becomes part of the very structure of society. The school, which is a major societal institution with which parents and children are familiar, can

provide us with the structure for creating such a child care system, enabling us to offer good quality care to all children.

Parents want such a policy incorporating the schools and thereby developing a system of child care. A recent poll prepared for the Phillips Morris Companies found that by a margin of 62–36% a majority of the population advocates that "the public schools should be used to house child care facilities for both school-age and prekindergarten children and should be open for two hours before and after school hours. Programs should also include transportation and development programs for four-year-olds."

Such overwhelming support for the schools as part of the child care system should come as no surprise. It is clearly more convenient for parents to leave their school-age children at one location during the work day. Parents can also feel more secure about the safety of their children if they remain at the school during the day. And, naturally, it is expected that encouraging schools to offer child care will greatly expand the supply of such care and thereby lessen parents' concerns about finding such care.

An additional factor which may help to foster the educational development of children has been pointed out by Dr. Matia Finn-Stevenson of the Bush Center in Child Development. She has noted that school-based child care provides continuity of care from early in the lives of children through the school-age years, enhancing children's development and contributing to parents' positive feelings about the schools. Fostering positive feelings about the schools is of value not only from a public relations perspective, it is also an important aspect of children's later success in school. As Dr. Finn-Stevenson observed, studies have shown that when parents feel good about the school and make attempts to become involved in their children's schooling, the children's educational experiences are enhanced.

The last major reason for involving the schools in child care concerns cost. We have already invested many billions of dollars in constructing schools in every neighborhood in the country, and many of these buildings are only opened immediately before the regular school hour and then closed after school. Common sense tells us that we should use those facilities instead of undertaking the construction of new buildings.

Furthermore, operating costs of child care programs offered in schools can be less if the school district chooses to be of assistance. The cost of janitorial service and electricity, for instance, can be assumed as part of the regular costs of operating the school. Testimony presented to the Committee demonstrated that school-based programs in Missouri and Connecticut were quite cost-effective. Parents obviously benefit from such economy by paying lower fees.

Affordability, access, availability of existing facilties, and location near the children's homes are some of the major reasons that the Committee is proposing a separate program of child care for the schools.

Equally important is the need to fund early childhood development programs for four-year-olds in the schools. Few would argue today with the benefits four-year-olds receive from early childhood development. Even fewer would dispute the need to involve economically disadvantaged four-year-olds in such programs.

The Perry Preschool Program Study and many others have laid a solid foundation of scientific support for the advantages received by poor youngsters in later schooling and in later life from good preschool programs. Society is also unburdened through such programs of many millions of dollars in later social costs due to less unemployment, fewer teenage pregnancies and less imprisonment for children who participated in such programs. As a result of this evidence, many business groups, such as the Committee for Economic Development, are calling for a great expansion of such programs.

Title II of H.R. 3 proposes such an expansion of programs through the schools. Youngsters and society will both benefit if this program is enacted. Given the availability of school facilities and the need for early child development and before- and after-school care, the Committee expects that the public schools will play an increasingly important role in the provision of these services.

CONCLUSION

On the first day of the 101st Congress, Chairman Hawkins introduced H.R. 3, the Early Childhood Education and Development Act, to focus limited resources on those most in need of services and least able to afford quality care, to build on existing programs of proven effectiveness, to emphasize educational and developmental care, and to expand parental choice and encourage business involvement. H.R. 3 builds on the extensive efforts of the Committee led by Congressman Kildee in the 100th Congress.

H.R. 3 is built on the premise that all of society benefits when government helps strengthen the ability of families to address the needs of their children. H.R. 3 offers a comprehensive approach to creating the sound child care system necessary to provide parents with greater options and States with the resources to create the framework necessary to weave together today's patchwork child care system into a sensible and responsive pattern of child care services. Dr. Sharon Lynn Kagan, Associate Director of the Bush Center in Child Development and Social Policy at Yale University, asserted in her testimony:

> H.R. 3 is a landmark bill. That it embraces three systems—Head Start, child care and the schools; that it acknowledges that care and education are inextricably woven; and that it anoints no single delivery system is the bill's genius. H.R. 3 sets the stage for linking what have been previously separate, distinct, and even acrimonious systems. As such, it sets a new standard for partnerships in the provision of [child] care and early education.

SUMMARY OF H.R. 3, AS REPORTED

GENERAL PROVISIONS

For fiscal year 1990, $1.75 billion is authorized to be appropriated, contingent upon Head Start and Chapter 1 receiving an adjusted appropriation based on FY 1989 funding. Such sums as may be necessary are authorized for the three succeeding fiscal years.

Appropriations to carry out this Act would be divided as follows:

25% for expanded Head Start services and activities as described under Title I;

25% for Early Childhood Development and School-Related Child Care programs as described under Title II;

35% for Services to Infants, Toddlers, and Young Children as described under Title III;

15% for Coordinating Activities as described under Title IV; and

Title V provides a separate annual authorization of $25 million each year for fiscal years 1990 through 1993 for a matching grant program to promote Business Involvement in Meeting Employee Child Care Needs.

TITLE I—EXPANDED HEAD START SERVICES AND ACTIVITIES

Funds are authorized to:

Enable Head Start programs to provide developmentally appropriate child care services to children who are participating in Head Start programs so that such children receive full-working-day services throughout the full calendar year; and

Permit the Head Start agency to use an amount not to exceed 50% of the funds available to provide full-working-day programs throughout the full calendar year which consist of both Head Start and developmentally appropriate child care services to children whose family income is greater than poverty but less than 150% of the Lower Living Standard Income Level (LLS) on a sliding-fee scale.

TITLE II—EARLY CHILDHOOD DEVELOPMENT AND SCHOOL-RELATED CHILD CARE

This title would amend the Elementary and Secondary Education Act of 1965 to provide for the Secretary of Education to make grants to States to assist in the expansion, establishment, or operation of early childhood development programs and/or before- and after-school programs or both.

In order to be eligible, children must be in families whose parents are working or enrolled in education or training programs. The child care programs must be provided during the normal work week, during school vacation periods and on school holidays.

Both the early childhood development programs and before- and after-school care programs small be provided at no cost to families with income below poverty. Under the sliding fee scale to be established by the State, an amount not to exceed 50% of the funds may be used to extend services to families with incomes between 100% of poverty and 160% of the LLS. At the option of the LEA, early childhood development programs may include three-year-olds.

The local education agency (LEA) may provide before- and after-school child care programs or early childhood development programs through grants or contracts with other public entities and eligible private nonprofit community-based organizations. In making such a grant or entering into such a contract a LEA shall give priority to a program offered in a public school building, if the

cost of such program is comparable to the costs of programs offered in other facilities.

To be eligible for a grant or contract, a private, nonprofit community-base organization shall provide assurances that:

1. it is able to and willing to enroll, or has a history of enrolling, racially, ethnically, linguistically, and economically diverse children and children with disabilities; and
2. the program is in compliance with the nondiscrimination provisions of the Head Start Act (Sec. 654); and
3. the organization will comply with other reasonable requirements established by the LEA consistent with the purposes of this title.

TITLE III—CHILD CARE SERVICES FOR INFANTS, TODDLERS, AND YOUNG CHILDREN

To be eligible for funds under this part, a State must submit an application to the Secretary which contains a two-year plan and such information as the Secretary may require by regulation. The State must designate a lead agency to administer the program and the coordinating activities under Title IV.

Children eligible to participate in Title III for full-day services must be less than the age of compulsory school attendance; for before- and after-school care children must be of compulsory school age but under age 13. Services are to be provided at no charge for families at or below the poverty level and on a sliding fee scale basis for families earning between the poverty level and 160 percent of the LLS. Title III also establishes a priority for serving low-income children. Eligible providers include group home providers, family day care providers, center-based providers, institutions of higher education and others.

The legislation provides that parents may select the care they feel is most appropriate for their child from among all eligible child care providers.

TITLE IV—CHILD CARE COORDINATING ACTIVITIES

The funds received by the State under this subchapter will be administered by the lead agency designated by the State.

Local Child Development Councils are to be established to compile a written assessment of the child care needs and resources in the geographical area represented by the council.

AUTHORIZED ACTIVITIES

In the first fiscal year, and at four-year intervals thereafter, the lead agency is to collate and submit to the Secretary the local needs assessments preapred by the local child development councils. Each fiscal year, States are to use funds allotted under Title IV to improve enforcement and to provide training required under the Act. In at least one fiscal year in each four-year period, States are to use funds allotted under Title IV to provide financial assistance to establish or expand local resource and referral programs and to improve caregiver salaries. States must submit a report to the Secretary every two years describing the use for which Title IV funds were expended.

Other uses of funds include: loans for renovations and improvements; grants to businesses; loans to help providers meet licensing or regulatory requirements; grants to providers who have a commitment from businesses to contribute at least three times the amount of such grant; and promoting the involvement of public libraries.

Funds used for salaries, training, and renovation are to be spent proportionally across Titles I, II, and III.

TITLE V—BUSINESS INVOLVEMENT IN MEETING EMPLOYEE CHILD CARE NEEDS

For fiscal years 1990 through 1993, for the Secretary is authorized to make matching grants to encourage business involvement in meeting child care needs. For each fiscal year $25 million is authorized to be appropriated.

EXPLANATION OF THE BILL

EXPLANATION OF TITLE I

Expanded Head Start

For more than two decades, the Head Start program has provided comprehensive services to address the educational, social, nutritional and health needs of preschool-aged children from low-income families. The goals of the Head Start program include: 1) providing these comprehensive services along with other services to aid children in attaining their full potential, and 2) providing for the direct participation of the parents of such children in the development, conduct and overall program direction at the local level. The Committee bill expands the program's existing goals to include providing developmentally appropriate child care services throughout the full calendar year to children who are eligible to participate in or are participating in Head Start programs so that such children receive full-working-day services provided the parents are working or in education or training programs.

Numerous studies confirm the benefits derived from programs such as Head Start which provide high quality early childhood development. Although the most widely publicized study is the Perry Preschool Program Study, many other studies such as the Committee For Economic Development's (CED) "Investing In Our Children" and the National Association of State Boards of Education report entitled "Right From the Start" calls for the expansion of comprehensive early childhood development programs. A recent Ford Foundation study emphasizes that good preschool child development programs help poorer children move toward success. "The existing in-depth, long-term studies show that good quality preschool development programs can improve poor children's achievement throughout the school years, reduce their delinquency and arrest rates, and also reduce the rates of teenage pregnancy and dependence on welfare." The Ford Foundation report, "Common Good", recommends a major expansion of the Head Start program with at least one-half of the slots reserved for full-day programs for children with working parents.

The Administration's proposed regulations on Head Start Staff Requirements and Program Options acknowlege that "many Head Start families have a need for full-day services. Head Start, however, does not have the resources to provide a substantial amount of full-day care for children."

Because one in five children in the United States is currently living in poverty, it is essential to rely on proven, effective, high-quality programs such as Head Start which improve the development of low-income children during their formative years. Earlier this year, the National Head Start Association testified that "because Head Start has an important role in the development of expanded child care services, Head Start, with its success in working with low-income children and their families, should provide the foundation for extended day services for low-income preschool children."

Parents who are not able to afford adequate child care indeed face a major impediment to employment. Although Head Start has no requirement that a parent or parents work, a 1988 study showed that 32 percent of Head Start parents were working full time and another 19 percent worked part time, had seasonal jobs or were in education or training, for a total of 51 percent of parents involved in activities outside the home. Since the average cost of child care nationally is approximately $3,000 per year with infant care closer to $5,000 annually, it is apparent why Head Start mothers with incomes of $12,100 or less are unable to afford to pay such costs.

In a 1982 Census questionnaire, 45 percent of single mothers responded that they would be willing to work if there was affordable child care available. The results of the questionnaire underscore the need for increasing the supply of quality child care at affordable prices.

The Child Care Action Campaign policy paper, "Child Care: The Bottom Line", recommends an expansion of the current Head Start program for two reasons. Since Head Start is almost universally a half-day program, working parents must make other child care arrangements for their children the other half of the day. In addition, Head Start has never been able to serve more than 17–18 percent of the eligible children.

According to Head Start representatives, full-day Head Start services are provided to approximately 6 percent of the children enrolled in the program. Some eligible families in which the primary caregiver is working or attending education or training programs use non-Head-Start programs because they operate throughout the day. However, these alternative full-day services do not provide the support services offered by Head Start. If full-day services were available through Head Start, more low-income heads of households would be able to work without being forced to choose between a high quality comprehensive child development program or a program or caregiver who can provide full day care.

The Committee bill permits grantees to use an amount not to exceed 50 percent of the funds to serve families above the poverty level ($12,100) to enable mothers who earn more than this amount to participate in the program. The decision to serve higher-income children is at the discretion of the grantees. Some grantees may choose not to serve children from higher-income families while

others may elect to utilize a portion of the funds for this purpose provided the amount does not exceed 50 percent of the funds. Parents above poverty whose children receive Head Start services which include the developmentally appropriate child care services shall be required to pay a portion of the cost of such services, under a sliding-fee scale established by the Secretary. The Committee wishes to make clear that payments received under the sliding-fee scale shall be retained by the Head Start agencies and expended only for these purposes.

While H.R. 3 provides for families with incomes between poverty and 150 percent of the lower living standard level to participate in the expanded program, the bill establishes a priority for serving the poorest children.

The Committee is also cognizant of Head Start's requirement to serve children with a disability. Thus, the sliding fee scale established in H.R. 3 takes into account the extraordinary medical expenses paid by the family as a result of a disability of a family member.

It is the Committee's belief that economically disadvantaged children and their families deserve the high quality early childhood development services which Head Start has been able to provide since its inception in the 1960's. Thus, the Committee firmly believes that the Head Start program, with its proven record of success, should be one of the cornerstones of a comprehensive child care bill which provides for full-working-day, full-year services to parents who work or are enrolled in education or training programs.

EXPLANATION OF PROVISIONS OF TITLE II

Early Childhood Development and School-Related Child Care

The school-based program proposed by Title II of H.R. 3 is included as a new program in the Elementary and Secondary Education Act of 1965 (ESEA). The Committee has placed the program in ESEA to symbolize that child care and early childhood development are meant to be regular functions of the schools, just as are all the other programs in ESEA.

The Committee wishes to emphasize that this new program will be operated using the current administrative structure of other Federal education program grants from the U.S. Department of Education to the State departments of education and then to local school districts. No new structure will have to be created, thereby saving the taxpayer money and thereby directing the appropriations into services and not administration.

For the same reason of administrative simplicity, H.R. 3 proposes to use basically the same method of distributing funds as under Chapter 1 of ESEA. That program, which provides the largest amount of Federal aid to education, has been in operation for more than two decades, and properly directs funds to the areas of need.

Two modifications, however, are made in that formula for use in the new school-based program in H.R. 3. First, four-year-olds are included in the count of children for distribution purposes, unlike Chapter 1 which is limited to five- to 17-year-olds. This modification is made because H.R. 3 includes funding of child development

programs for four-year-olds and therefore they should be counted in allocating funds.

Second, special provisions are included in case funding is not adequate to distribute enough money to every school district to carry out child care and child development activities under this new program. Any school district allocated $15,000 or more through operation of the formula will receive this amount as a grant. However, school districts with 30 percent or more poor children may receive grants under the formula even if their allocations are less than $15,000 but more than $5,000.

Then, any funds not allocated among local school districts qualifying for these minimum amounts are placed in a discretionary pool for grants by the State departments of education. School districts eligible to compete for these discretionary funds are those not receiving funds under the regular formula. The State must give priority in awarding grants to districts with the greatest concentrations of poor children and with the greatest need for services.

Whether a school district receives its funds under the formula or from the discretionary reserve, the use of those funds would be the same: early childhood development and child care programs. The early childhood development program would be available for four-year-olds whose families live in the area of the local educational agency and whose parents work, or are pursuing further education or training. Although families must live in the area of the LEA, there is no requirement that the parents work or receive education or training in that same geographical area.

School districts may provide early childhood development programs at no cost for poor four-year-olds to the extent that such services are not being provided under the Head Start Act. This means that, if a Head Start Program is operating in a particular locality, serving, for instance, 30 percent of eligible four-year-olds, the schools could serve low-income four-year-olds who were not already served, provided sufficient resources were available. If there is a State-funded prekindergarten program for at-risk children, these funds could be used to ensure the availability of full-working-day services.

As already noted, four-year-olds from families with incomes less than the poverty level will be provided services at no cost. In addition, school districts would be permitted to use up to 50 percent of their grants to provide services to children in families with income above poverty. Those whose families earn more than 100 percent of the poverty level but less than 160 percent of the lower living standard income level (LLSIL) would be eligible for services on a sliding fee scale. Those from families with incomes over 160 percent would have to pay the full fee. The Committee wants to clarify that each program may expend an amount up to 50 percent of the funds it receives to provide services under a sliding fee scale.

The early childhood development program has been fashioned by the Committee to permit children from families of different income levels to be involved in the program because the Committee believes that a mixture of children from different income and social levels would be beneficial for the educational and social development of all the children. School districts could pay from their own funds for the additional costs of involving the children for the middle and

higher income groups in order to achieve this mix. School districts also have the option of providing programs for three-year-olds, but under the same conditions regarding income eligibility as are prescribed by the bill for four-year-olds.

These programs must be in compliance with applicable State regulatory standards for health and safety and with State standards affecting program quality. The bill forbids use of norm referenced and criterion referenced standardized tests in these programs because the Committee believes that children who are three and four years of age are not old enough to be evaluated or segregated educationally on the basis of such standardized testing.

The second use of funds by local school districts involves the provision of before- and after-school child care programs. Children would be eligible for these programs under the same income and parental status requirements as in the early childhood development program.

These child care programs are meant to be provided during such times of the day when regular instructional services are not in session, and they are not intended as an extension or replacement for the regular academic program. These child care programs are not to be custodial in nature; rather they are intended to provide an environment that enhances the social, educational, cultural, emotional and recreational development of school age children.

Services must be available during the full working day for four-year-olds who are involved in early childhood development programs funded by the local school district. The purpose of this provision is to insure that parents whose four-year-old children are in development programs are assured child care offered by the same school district for the remainder of those parents' working day.

All child care offered by the school district must be available for the full calendar year, Monday through Friday, excluding legal holidays. Each such child care program must comply with applicable State standards for health, safety and quality.

School districts must include in each federally funded program eligible children enrolled in private early childhood development programs, private kindergarten, and elementary and secondary schools, in accordance with the provisions contained in the Chapter 1 program relating to the participation of children enrolled in private schools. In addition, each such program must include adequate meals and snacks and, if practicable, social services.

Schools are also eligible recipients of funds under the other titles of H.R. 3. For example, public school districts can apply for funds for the expanded Head Start program proposed in Title I of the bill, just as they can apply under the current Head Start legislation to operate programs. Public schools can also apply for funding under the new Infants, Toddlers and Young Children's program proposed under Title III.

Since school districts can receive funds under all four major titles of H.R. 3, the Committee wants to make clear that funds under these various titles can all be used in one program within a school. It does not make sense to require separate programs within a building if they all have the same purpose. The school district, however, must comply with all the various requirements of each title under which it receives funds.

Each school district receiving funds must coordinate its program with those being offered by other public and private nonprofit organizations in the area. In order to avoid duplication of services, the school district, in choosing the type of services it will provide, should take into account the local needs assessment compiled under section 659F.

School districts also will be permitted to contract with other public entities and eligible private nonprofit community-based organizations to deliver the early childhood development and before- and after-school child care program. If costs are comparable to programs offered in other facilites, the school district must give priority to programs offered in public school buildings when it contracts out for these services. The purpose of that restriction is to make it more convenient for parents by having their children on the school premises during the entire working day.

The Committee does not expect school districts to merely serve as funnels for this money to be delivered under contract to other agencies. Instead, the school district is responsible for the services rendered, and the programs operated by the contracting agencies.

The State educational agency is vested with the responsibility to administer this program within each State. Such agency must establish, within three years after the date of enactment of this bill, appropriate standards for early childhood development and before and after school child care programs. These standards must relate to group size, child-staff ratios, parental involvement and in-service training. The Committee urges States to consider standards used for State-funded preschool programs in the development of standards for programs funded under Title II. The State must also establish the sliding fee schedule to be used by local school districts in determining eligibility for program participation.

EXPLANATION OF THE PROVISIONS OF TITLE III

Child Care Services for Infants, Toddlers, and Young Children

Title III authorizes grants to States for child care services for infants, toddlers, and young children. Thirty-five percent of H.R. 3's funds are allocated under this title to assist low- and moderate-income families with their child care costs. Funds are provided to States based equally upon the number of children in the States under the age of six, the number of children in the State eligible for free and reduced-price lunches under the school lunch program established by the National School Lunch Act, and the State's per capita income. The use of per capita income in the eligibility formula further ensures that States with lower per capita incomes, and therefore more limited ability to raise revenue to pay for child care services, receive a relatively larger share of the funds than do States with the means to make a greater contribution to their citizens' child care needs.

In order to be eligible for assistance, States must designate a lead agency to administer the program. In addition, an application must be submitted to the Secretary of Health and Human Services which includes an assurance that the State will comply with the requirements of the Act and establish a two-year State plan.

Direct Assistance to Families

Ninety-eight percent of the State's allotment is to be used to help low- and moderate-income families in which parents are employed, participating in training programs, or enrolled in educational institutions, to meet the cost of child care for their children. Consistent with other titles of the Act, child care services provided under this subchapter shall be developmentally appropriate for the age and individual needs of the child being served.

Assistance is to be provided on a sliding fee scale basis which takes into account family income adjusted for family size. Funding is available for full day care for children who are less than the age of compulsory school attendance and for before- and after-school care for children who are of the age of compulsory school attendance, but less than 13 years old. Priority must be given to serving children from families with the lowest incomes first. The sliding fee scale is to be established in a manner that ensures the full cost of care to families with the lowest incomes, and is capped at 160 percent of the lower living standard.

Under the sliding fee scale, the total of State assistance and family contribution is to be no lower than the market rate of care for the area in which the family resides. Providing market rate of care ensures that low-income families will be able to compete with families whose incomes enable them to pay the full cost of care. (Providers are often unwilling to serve children whose care is subsidized at rates lower than the amount generally charged for care in a given community.) Reimbursement rates are also to reflect the higher cost of providing services to certain special populations, including children under the age of three, children with disabilities and children with adolescent parents.

States may distribute funds on behalf of eligible children through grants or contracts with eligible providers. Eligible providers must meet either applicable State licensing or regulatory requirements, and must comply with other provisions of the bill (providers regulated by the States, but not required to be licensed, need only meet the applicable regulatory requirements). Eligible providers may include, but are not limited to, school-based providers, family child care providers, religiously-affiliated providers, nonprofit providers, for-profit providers, group home care providers, business, universities, and units of general purpose local government including regional councils.

Funds are to be equitably distributed among all regions of the State and among a variety of types of providers. Additionally, child care services are to be provided for an adequate number of hours and days to serve the needs of parents of eligible children, including those who work nontraditional hours.

The Committee notes that parental choice among child care providers will not be restricted by the manner in which the State chooses to distribute funds. Not only does the legislative language contain specific directives concerning parental choice, it also permits States the flexibility to use a variety of innovative mechanisms for distributing funds. For example, one such mechanism is that used in the State of North Carolina. That State distributes child care assistance totally through contracts. However, if a

parent chooses to use a child care provider not under contract with the State, the State must write a contract with that provider if the provider is willing to accept the child and meets program requirements.

H.R. 3 takes parental concerns for quality into account by ensuring a strong role for parents in its implementation. The bill requires States to establish procedures for parental involvement in child care in each State. In addition, parental representation on the local child development council, the national advisory committee on model standards and the State licensing committee is required. Access by parents to their children is critical, therefore, each child care program is required to provide parents with unlimited access. In order to facilitate parental oversight, each program is to post the telephone number of the agency where parents can call regarding licensing complaints.

Model Standards

Ensuring the basic health and safety needs of children must be the highest priority in child care programs. Information provided to the Committee indicates that minimum protections are not guaranteed to all families using child care. For example, handwashing is one of the least costly and most effective methods for preventing the spread of infectious diseases, yet at least seven States do not require handwashing before or after diapering and before food preparation.

While such standards will not eliminate all substandard care, they can help reduce the likelihood of abuse. A recent study by Dr. Richard Clifford, Associate Director of the Bush Institute for Child and Family Policy at the University of North Carolina at Chapel Hill, of one State's day care system found that complaints concerning unregistered family day care homes were made three times more frequently than registered homes, and that child care centers subject to lower standards and less monitoring were five times more likely to be the subject of serious complaints than programs that met higher standards and were monitored more frequently.

The legislation provides for the establishment of model standards to provide guidelines for States on factors they may wish to take into account in their own regulatory procedures. The model standards are to be developed through a process that allows the maximum opportunity for public involvement. Not later than 60 days after the date of enactment, the Secretary will establish a 21-member National Advisory Committee on Model Child Care Standards which will develop proposed model standards. Committee members will be appointed by the President, the Speaker and Minority Leader of the House of Representatives, and the Majority and Minority Leaders of the Senate. Members of the advisory committee will include: representatives of different types of child care programs; resource and referral organizations; child care and child development experts; pediatricians; child care employees; those involved in the regulation of child care services; and representatives of State governments. Not less than one-third of the members of the advisory committee shall be parents who have been actively involved in child care programs.

As the Advisory Committee will include members representing parents, providers, and experts in the field, the model standards will reflect a high degree of expertise. Therefore, the Secretary is required to publish the recommendations submitted by the Advisory Committee as a notice of proposed rulemaking. In addition to the notice in the *Federal Register,* actual notice must be given to each lead agency and each State committee on licensing for comment. These proposed model standards, any model standards proposed and published by the Secretary, and any public comment thereto, shall be reviewed by the Secretary, in consultation with the Advisory Committee. Following this review, the Secretary shall publish final model standards. The Committee wishes to emphasize that, while the Advisory Committee's role and participation are substantial, all final decisions on model standards reside with the Secretary. At the same time, however, modifications in the proposed model standards are not to be made arbitrarily, and must be discussed in the final notice published in the *Federal Register.* The advisory committee will disband 90 days after the Secretary establishes the model standards based on its recommendation.

The National Advisory Committee on Model Child Care Standards will develop separate standards for center-based child care services, family child care services, and group home child care services.

State Standards

In order to ensure basic health and safety needs of children, the legislation also requires States to develop standards (to the extent standards are not already in place) in key areas critical to the health, safety and development of children in care. States may implement either their own standards in these areas or the Federal model standards.

The standards shall address center-based child care services, family child care services and group home child care services:

For center-based care, such standards shall be limited to: group size; child-staff ratios; qualifications and background of caregivers; health; nutrition; and safety requirements for children and caregivers; and parental involvement in licensed and regulated child care services.

For family child care, such standards shall be limited to: the maximum number of children and infants for which care can be provided; the minimum age of the caregiver; and health; nutrition; and safety requirements for children and caregivers.

For group care, such standards shall be limted to: child-staff ratios; the maximum number of children and infants for which care can be provided; the minimum age of the caregivers; and health; nutrition; and safety requirements for children and caregivers.

Additionally, because training is so critical to ensuring quality services for children, States must ensure that, within two years after the date of enactment of the legislation, all individuals providing publicly funded licensed or regulated child care service complete a minimum of 15 hours of training per year. If a State can implement a training program prior to the two-year time frame, they are encouraged to do so.

The Committee notes that this is a modest requirement, and could be completed in a week by investing three hours an evening. The Committee also notes that the Army requires family day care providers to take 24 hours of annual training (nine hours more than Title III requires), and center-based caregivers to take 38 hours of training each year (23 hours more than Title III requires).

EXPLANATION OF THE PROVISIONS OF TITLE IV

Child Care Early Childhood Development Coordinating Activities

H.R. 3 allocates 15 percent of funds provided under Title IV for grants to States for activities designed to increase the availability of quality child care. These activities include: funding for local needs assessments; training including special assistance to family child care providers; improving caregiver salaries; resource and referral programs; and licensing enforcement. Spending must occur at least once over a four-year period for resource and referral, and salaries. During the course of the four-year-plan, funds must be spent each year for training and licensing and regulatory enforcement, and at least once for resource and referral, and salaries improvement activities. Local needs assessments must also be conducted in the first year and at four-year intervals thereafter. In each of these cases, the amount to be spent in each area is left to the discretion of the State.

At the option of the States, Title IV funds may also be used for low-interest loans to family and nonprofit child care providers to make renovations and improvements in existing facilities to be used to carry out child care programs; grants and/or loans to assist any child care provider to meet local, State, and model standards, business incentive grants; and promoting the involvement of local public libraries in improving childhood learning resources.

Training

Research consistently shows that positive developmental outcomes accrue to children in child care programs staffed with adequate numbers of adults trained in the special skills of early childhood education. Yet, training requirements are among the weakest provisions of most States' standards. Twenty-eight States require neither prior experience in child care nor training in child development for family day care providers; 16 States have no educational qualifications or education requirements for center-based staff. Neither preservice nor ongoing training is required of center-based staff in seven States.

It is the Committee's intent to rectify this situation by requiring every State to expend funds every year to organizations providing in-service and preservice training.

Grants to carry out training programs are to be provided to public or private nonprofit organizations; training is to cover subjects including health and safety, child growth and development, planning learning activities, communication with families, linkages with community services, and business management practices and procedures.

It is the Committee's intent that States also define their scope of training to address the provision of services as appropriate to spe-

cial populations of children for whom care is especially scarce because providers, with limited knowledge or specialized skills, may be reluctant to serve them. These special populations include infants, children with disabilities, abused and neglected children, migrant children, children with limited English proficiency, and homeless children.

It is the Committee's belief that expanded training opportunities will not only enhance the quality of care, but contribute to a growth in the supply of reliable, developmentally sound, and safe child care.

Salaries

With the inclusion of a provision requiring salary improvements under the State plan, it is the intent of the Committee on Education and Labor to increase the ability of child care programs to recruit and retain qualified child care staff, thereby both expanding supply and enhancing program quality. The Committee recognizes that the vast majority of child providers receive wages at or below poverty and a level of benefits well below those received by the average American worker. Over 40 percent of full-time child care workers, including pre-K and kindergarten teachers, earn less than $200/week, well below the poverty level for a family of four ($11,500).

The Select Committee on Children, Youth, and Families, and the Child Care Employee Project, have documented that the skill, competence and consistency of child care professionals are among the most important determinants of quality care. Salaries are directly linked to turnover and retention rates among child care workers; turnover is about twice the national average and increasing. Lack of continuity and consistency in care can have serious harmful effects on children.

By requiring States to address this issue, the Committee on Education and Labor intends to provide leadership in an area that has not been widely addressed by the States, but is having serious consequences for children. At the same time, it is the Committee's intention to allow States flexibility in the methods used to increase compensation and the extent to which they can immediately ensure adequate compensation. This Committee recognizes that in those States that have taken steps to address this issue (estimated at 10–15 percent of the States), various models have emerged to increase compensation:

Raising reimbursement rates and tying to salary improvements (Minnesota);

Salary enhancement grants (New York, New Jersey);

Quality improvement grants with salary increases as one category (Alaska);

Development of wage scales (Massachusetts); and

Grants to Head Start programs (Rhode Island, Massachusetts, Connecticut, New Hampshire).

States can choose among these or other models that are more appropriate for their needs. In addition, the extent of support in each State can vary.

Recognizing that the initial studies of State salary initiatives have reported a renewed ability of programs to recruit and retain

staff, this Committee believes that this provision will help States increase the quality and supply of child care programs.

Family Child Care Providers

As family child care providers represent a very important component of our diverse child care delivery system, States are to award specific grants for a range of activities to assist these providers. These include grants for the recruitment and training of family child care providers, and the operation of resource centers to assist family child care providers through the provision of developmentally appropriate curriculum materials such as age-appropriate toys, books and periodicals. Funds also are to be used to assist family day care providers in purchasing moderate cost equipment to be used to provide child care services, as well as other services which the State lead agency may feel appropriate to assist family child care providers.

Incentives for Improving Child Care Standards

At the option of the State, the plan shall describe the present level of child care standards in the State and the adequacy of the State's fiscal resources to improve child care standards with funds available for a program of grants to assist States in improving child care standards and the enforcement of such standards. The Secretary is required to promulgate regulations concerning the application and criteria for receipt of these funds.

Resource and Referral Programs

A sound resource and referral program is a critical element in a comprehensive child care system which benefits all parents whether or not they receive financial assistance under the Act. Resource and referral programs provide valuable support to parents in identifying and locating the child care most appropriate for the needs of their individual children, by making available in a single location information on all the eligible child care providers in a given community. Resource and referral programs collect and make available to parents information on all types of eligible child care providers; the types of child care services available from eligible child care providers, including services provided by individual family child care providers and by child care providers who provide child care services to children with a disability; the costs of available child care services; the availability of subsidies to obtain child care services; the forms of transportation to such locations available to parents; and the hours which such child care services are available.

Resource and referral programs also serve potential child care providers, including businesses, by supplying information on the availability of training and technical assistance in the area. In addition, resource and referral programs assist States and localities by maintaining a continuous data bank on consumer needs in each community which, in turn, allows States to be more responsive to those needs.

The Committee expects that resource and referral services will be furnished through local agencies operating in defined geographic areas throughout the State. Unfortunately, only 21 States cur-

rently provide any State funding for resource and referral programs. Of those 15, only four States provide enough funding to adequately support Statewide programs.

Licensing and Regulatory Enforcement

The Committee believes that enforcement of child care licensing and regulatory requirements should continue to be a State responsibility, but notes that States must enforce all applicable requirements if State and local health and safety standards are to have their intended effect. As a result of insufficient and dwindling resources, few States have been able to add licensing staff to keep pace with the volume of new centers and family child care providers, and some States have decreased the number of licensing staff. Many States have insufficiently trained inspectors. Nine States inspect programs less often than once a year, their visits vary, or they do not report how often they visit. Fewer than half the States inspect family day care homes once a year or more. Only ten States require unannounced visits to family day care providers. Therefore, funds are to be allocated for activities designed to strengthen State licensing and enforcement. Funds must be used for activities such as training licensing inspectors and ensuring the necessary staff to conduct periodic program inspections. As an additional aid to parents, licensed and regulated child care providers must make written policies and program goals available to parents and must guarantee parents unlimited access to child care programs during the hours their children are receiving care. States also must make consumer education information about licensing requirements available to parents and the general public. Procedures must be implemented to address parental complaints.

By requiring States to address monitoring and enforcement every year and by requiring States to have in effect enforcement policies and practices that are applicable to all licensed or regulated child care providers, the Committee intends to provide assurances to families that their children are well cared for and safe while they are at work. By improving parental access to their children's programs, the Committee believes the greatest strides in program enhancement will occur.

Child Care Services Provided by Businesses

States may use a portion of their Title IV funds to make grants to eligible child care providers that demonstrate they have received commitments from business equal to three times the amount they receive from the State to provide child care services. These grants may not exceed $50,000. Funds also may be used for a variety of other activities to encourage businesses to support or provide child care.

The Committee notes that while business involvement in the provision of child care services has risen in the past several years, only about 3,500 out of 6 million emloyers provide some form of child care assistance. The most typical benefit is referral to community child care services. Less than a quarter of these businesses provide on-site child care services, and very few actually help employees pay for child care. Most of the employers who offer on-site child care are hospitals. In a 1987 survey of 129 hospitals conducted

by the National Association of Hospital Child Care Programs, on-site centers reported serving 12,226 children while maintaining a waiting list totaling nearly 8,000.

Since the increased availability of child care greatly benefits the private sector, it makes good policy sense that businesses participate in this major child care initiative. These grants should not be seen as the "business portion" but, rather, as a catalyst for businesses to be partners in the solution of the child care problem. States are allowed and encouraged to seek additional resources from the business community.

Needs and Resource Assessment

Local Child Development Councils shall be appointed by the chief elected executive authority of each local government, or by the chief elected authorities of several local governments acting jointly. The council shall prepare and submit to the lead agency a written assessment of the needs and resources for child care and early childhood development within the locality and the effectiveness of existing child care services and early childhood development services under this Act, as well as other programs within the community in meeting these needs. The assessment is to be updated at least every four years.

Each council will include not less than 25 percent representatives of Head Start agencies (if such agencies exist within the jurisdiction); not less than 25 percent representatives of providers of child care services (including caregivers and directors and organizations that carry out resource and referral programs); not less than 25 percent representatives of local educational agencies, school boards, and teachers involved in providing early childhood development programs and before- and after-school child care programs; and not less than 25 percent representatives of business, the labor force, units of general purpose government, and organizations in the field of nutrition, public health, and child development. In the event that there is not a Head Start agency operating in the local area, the remaining percentages shall be adjusted equally.

Of the total membership, at least 25 percent shall be parents, including parents who are eligible to receive assistance under this Act. The council shall give special attention to addressing the requirements of children in need of protective services, low-income children, migrant children, children with a disability, foster children, children of adolescent parents, homeless children, and children with limited English-language proficiency resulting from non-English language background.

The Committee emphasizes that children for which services are provided under the Act includes eligible children with disabilities. To further enhance services to this population, it is expected that services authorized under this legislation will be coordinated with existing activities carried out under the Education of the Handicapped Act, the preschool program and the program for handicapped infants and toddlers carried out under Public Law 99–457, and other Federal or State programs serving children with disabilities. Areas for coordination include: child find; individualized family service plans, teacher training, and the use of diagnostic procedures designed to enhance the early identification of children

with disabilities. Activities for disabled children under this legislation are to supplement, not supplant, current activities. To facilitate coordination, the lead agency should consult with the State Interagency Coordinating Council, established under P.L. 99–457.

State Committee on Child Care Licensing

Any State that receives funds under this Act shall establish, in the first fiscal year for which such funds are received, a State Committee on Child Care Licensing. The committee membership will include representatives of social service agencies, parents, State education agencies, fire marshals, building inspectors, child care providers and individuals with related early childhood expertise. The committee is to review applicable State child care laws and licensing requirements and issue a report which shall include a statement of findings and recommendations, including recommendations regarding standards that should apply to local education agencies that receive funds under title VIII of the Elementary and Secondary Education Act of 1965. The committee shall issue a report within 18 months after its establishment. An existing committee may be used if such committee meets the requirements of section 659G.

Federal Enforcement

The Secretary is to review and monitor State compliance with this Act and the approved State plans. Should the Secretary find, after reasonable notice and an opportunity for a hearing, that a State has failed to comply substantially with any provision of the Act or the approved State plan, the Secretary shall suspend all or part of the payment to the State until the State is found to be in compliance with the Act.

EXPLANATION OF THE PROVISIONS OF TITLE V

Business Involvement in Meeting Employee Child Care Needs

Title V authorizes appropriations of $25 million for fiscal years 1990 through 1993 for a new program of matching grants to help expand the role of the private sector in responding to the child care needs of American families.

The importance of and the need for private sector involvement in child care has long been acknowledged. In a period of impending labor shortages, the ability to retain a qualified and already trained work force is becoming a priority.

At a conference convened by Resources for Child Care Management in Chicago in June 1989 to discuss business involvement in providing child care services, business leaders were asked if government assistance would encourage additional corporate involvement. All of the respondents strongly indicated that government assistance would prompt more action on the part of business.

The grant program is to be administered by the Secretary of Health and Human Services. Grants are to be provided on a competitive basis to businesses whose primary activity is not providing child care services. Grants are to be used only for the purpose of providing care—either starting a program of care or expanding an existing program of care. The care can be provided on-site or subsi-

dized at another site. For each dollar in federal grant funds, three dollars would have to be provided by participating businesses. In addition, grant recipients must employ strategies to provide child care services at affordable rates, and on an equitable basis, to low- and moderate-income employees.

Preference in the granting of awards shall be given to proposals involving businesses with fewer than 100 employees. In the event that employees do not utilize all the child care services made available by recipient businesses, the excess child care slots will be made available to families in the surrounding community.

Grants will be made available either to individual businesses or to consortia of small businesses who join together to provide or subsidize child care for their employees. Employers of various types shall be considered eligible for grants under this title, including private businesses and public employers such as hospitals, educational institutions, and similar entities.

Public-private partnerships are an important means of providing additional child care options to American families. Under this title, a modest commitment on the part of the federal government will leverage further private financing. These partnerships will provide American families with additional child care choices.

Special Provision

The Committee's bill incorporates the nondiscrimination provisions of the Head Start Act. Section 654(a) of the Act states that "The Secretary shall not provide financial assistance for any program, project, or activity under this subchapter unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

In addition to the nondiscrimination provisions of Head Start, the Committee also adopted language which prohibits providers which receive assistance under this Act from engaging in any sectarian activity, including sectarian worship and instruction, in programs receiving assistance. This amendment is intended to ensure that all child care programs receiving funds under this Act are nonsectarian, whether or not a sectarian institution operates the program.

Congressional Budget Office Estimate

In compliance with clause 2(l)(3)(C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 14, 1989.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on Education and Labor, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate of H.R. 3, the Early Childhood Education and Development Act of 1989, as ordered reported by the Committee on Education and Labor on June 27, 1989.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE, JULY 14, 1989

1. Bill number: H.R. 3.

2. Bill title: Early Childhood Education and Development Act of 1989.

3. Bill status: As ordered reported by the House Committee on Education and Labor on June 27, 1989.

4. Bill purpose: The bill would authorize five new grant programs in 1990 through 1993. These programs would expand certain Head Start programs to full-day, full calendar year programs; establish or expand school-based child care services; provide child care services for infants, toddlers and young children; coordinate child care and early childhood development activities; and assist businesses in providing child care services to employees.

5. Estimated cost to the Federal Government:

[By fiscal year, in million of dollars]

	1990	1991	1992	1993	1994
Head Start expansion:					
Authorization level	438	456	475	494	.....
Estimated Outlays	197	418	464	483	271
School-based child care:					
Authorization level	438	456	475	494	.....
Estimated Outlays	53	352	446	473	431
Child care services:					
Authorization level	613	639	665	692	.....
Estimated Outlays	184	683	707	678	274
Coordinating activities:					
Authorization level	263	274	285	297	.....
Estimated Outlays	79	293	303	291	117
Business involvement:					
Authorization level	25	25	25	25	.....
Estimated Outlays	5	27	26	25	15
Federal administrative costs:					
Estimated authorization level	4	4	3	3	.....
Estimated Outlays	4	4	3	3	(1)
Bill total:					
Estimated authorization level	1,779	1,854	1,928	2,006	.....
Estimated Outlays	520	1,777	1,948	1,953	1,108

[1] These costs would fall within function 500.

BASIS OF ESTIMATE

The bill would authorize a total of $1.75 billion for the first four grant programs in 1990, and such sums as may be necessary in 1991-1993. The bill would also authorize $25 million annually in 1990-1993 for Title V, Business Involvement in Child Care.

The $1.75 billion authorization in 1990 is contingent on certain amounts being appropriated for the Chapter 1 program of compensatory education for the disadvantaged and the Head Start program. No funds would be authorized unless the 1990 appropriation amounts for both programs are as large as their 1989 appropriation levels, adjusted for inflation, as measured by the percentage change in the Consumer Price Index For All Urban Consumers during fiscal year 1989. No conditions are placed on the authorization levels in 1991-1993, or on the $25 million authorization for Title V.

For the purposes of this estimate, CBO assumes that the Chapter 1 and Head Start funding conditions are met. Estimated levels for the such sums authorizations for Titles I-IV in 1991-1993 are the 1990 level, adjusted for projected inflation. All outlay estimates assume full appropriation of authorized amounts.

HEAD START EXPANSION

Title I would authorize 25 percent of the aggregate appropriation for Titles I-IV for Head Start expansion. The 1990 authorization level is 25 percent of $1.75 billion, or $437.5 million. The 1991-1993 estimated levels are the 1990 level, adjusted for projected inflation. Head Start programs would receive grants to provide children with full-day services throughout the full calendar year. At least 50 percent of the funds would be used for children currently eligible for Head Start. Remaining funds would provide services on a sliding fee scale basis to children whose family income is above the federal poverty line but less than 150 percent of the lower living standard income level, as determined annually by the Secretary of Labor. Outlays were estimated following historic spending patterns for the Head Start program.

SCHOOL-BASED CHILD CARE

Title II would authorize a school-based child care program at the same funding levels as the Title I Head Start expansion, that is, 25 percent of the aggregate appropriation for Titles I-IV. States would receive grants to distribute to local educational agencies to establish or expand before- and after-school programs for school-age children and early childhood development programs for four-year old children and, at local option, three-year old children. In order to receive grants, states would be required to apply for coordinating grants under Title IV. Services would be provided at no cost to children with family incomes below 100 percent of the federal poverty line, on a sliding fee scale basis to children with incomes below 160 percent of the lower living standard income level, and on a full-fee basis for other children. State education agencies would be allowed to retain up to 3 percent of the grants. Spending patterns were

based on the spend-out rates for other programs of grants to local educational agencies.

CHILD CARE SERVICES FOR INFANTS, TODDLERS AND YOUNG CHILDREN

Title III would authorize 25 percent of the aggregate appropriation for Titles I–IV for child care services. Authorization levels are $612.5 million in 1990 and such sums as may be necessary through 1993. Grants would be allocated to each state on the basis of its population under six years of age and its participation in the National School Lunch program. In order to receive grants, states would be required to establish certain minimum child care standards and ensure provider compliance with such standards. States would also be required to apply for coordinating grants under Title IV. Child care services would be provided through contracts or grants with providers, or grants to local government units. Services would be provided on a sliding fee scale basis to children whose family income is below 160 percent of the lower living standard income level, with priority given to children whose families have very low income. States would be allowed to use up to 2 percent of their federal allotment under Title III for administering the state plans.

Spending was assumed to follow spending patterns of comparable state grant programs administered by the Department of Health and Human Services. Spending was reduced in the first year, reflecting the expected lead time for states to structure their programs.

CHILD CARE AND EARLY CHILDHOOD DEVELOPMENT COORDINATING ACTIVITIES

Title IV would authorize the remaining 15 percent of the total $1.75 billion authorized for Titles I–IV, or $262.5 million, for coordinating activities in 1990, and such sums as may be necessary in 1991–1993. Grants would be allocated to each state on the same basis as under Title III. Mandatory activities would include expanding local resource and referral systems, providing training for child care workers, improving inspections and regulatory enforcement, collecting local needs assessments and other data, and improving salaries of child care providers. Optional activities would include making grants or low-interest loans to providers for renovations and improvements, making grants to support business involvement in child care, and promoting involvement of libraries in improving early childhood learning resources. Outlay assumptions are the same as for Title III.

BUSINESS INVOLVEMENT IN MEETING EMPLOYEE CHILD CARE NEEDS

Title V would authorize $25 million annually in 1990 through 1993 for grants to businesses providing child care services. The $25 million authorization is in addition to the $1.75 billion and such sums authorizations for the other grant programs. In order to receive grants, businesses would have to contribute 300 percent of the federal grant to the proposed activity. Priority would be given to businesses with fewer than 100 employees. Spending was assumed to follow patterns of the Heat Start program, adjusted for

slower spending in the first year, because it would take time for small businesses to prepare grant applications and raise the requisite matching funds.

FEDERAL ADMINISTRATIVE COSTS

The federal government would be responsible for administering the grant programs and ensuring state compliance with the provisions in Title IV. Administrative costs were estimated as $3 million annually. An additional $1 million cost was added in 1990 and 1991 to support a National Advisory Council on Model Child Care Standards.

6. Estimated cost to State and local government: No matching funds would be required of Head Start agencies, local educational agencies or states. However, businesses applying for grants under Title V would have to provide 300 percent of the federal funds, or a total of $75 million, if the full $25 million were appropriated and distributed.

Under Titles III and IV, states would be required to establish licensing committees, enforce regulations, collect data, fund resource and referral agencies, provide training and salary increases to child care staff, and meet other requirements. Local child development councils would be required to assess local needs and resources. These activities are unlikely to increase state and local costs because funding is provided under Title IV. States would also be allowed to sue up to 2 percent of their state grants under Title III to administer their state plans.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Julia B. Isaacs (226-2820).

10. Estimate approved by: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

Committee Estimate

With reference to the statement required by clause 7(a)(1) of rule XIII of the Rules of the House of Representatives, the Committee accepts the estimate prepared by the Congressinal Budget Office.

Inflationary Impact Statement

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, and after reviewing the Congressional Budget Office cost estimate, the Committee expects that the enactment of H.R. 3 will not have any significant inflationary impact on prices and costs in the operation of the national economy.

Oversight Findings of the Committee

With reference to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee's oversight findings are set forth in the "Committee Action" and "Background and Need for Legislation" sections of this report.

Statement Regarding Oversight Reports from the Committee on Government Operations

In compliance with clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no findings or recommendations by the Committee on Government Operations were submitted to the Committee with reference to the subject matter specifically addressed in H.R. 3.

Section-by-Section Analysis of H.R. 3, as Reported by the Committee on Education and Labor

Section 1 provides that the title of this Act shall be the "Early Childhood Education and Development Act of 1989", and sets forth the table of contents.

Section 2 outlines the purposes of this Act.

Section 3, subsection (a), authorizes $1.75 billion to be appropriated for fiscal year 1990 and such sums as may be necessary for fiscal years 1991 through 1993. Section 3 also provides that the funding in fiscal year 1990 is contingent upon an increase in the fiscal year 1989 funding level for fiscal year 1990 for Head Start and Chapter 1.

Section 3, subsection (b), provides that of the aggregate amount appropriated under subsection (a) for a fiscal year: 25 percent shall be available to carry out the purposes of title I of this Act; 25 percent shall be available to carry out the purposes of title II of this Act; 35 percent shall be available to carry out the purposes of title III of this Act; and 15 percent shall be available to carry out the purposes of title IV of this Act.

TITLE I—EXPANDED HEAD START

Section 101 adds new definitions to Section 637 of the Head Start Act.

Sections 102 and 103 make technical and conforming changes to section 638 (42 U.S.C. 9833), and section 639 (52 U.S.C. 9835), of the Head Start Act.

Section 104 amends section 640(a) of the Head Start Act, to provide for the allotment of funds under this title.

Section 105 amends section 640(b) of the Head Start Act to provide that the Federal share of financial assistance extended under this subchapter to a Head Start agency for purposes of providing services under title I shall be 100 percent of the approved costs of such services.

Section 106 provides that funds allotted may be expended to enable Head Start programs to provide developmentally appropriate child care services throughout the full calendar year to children who are participating in Head Start programs so that such children receive full-working-day services if such services are provided to meet the needs of parents each of whom is working or attending a job training or educational program. Priority shall be given to low-income children.

Section 106 further provides that the Head Start agency may use an amount not to exceed 50 percent of such funds to provide full-working-day programs which consist of both Head Start and devel-

opmentally appropriate child care services to children whose family income is greater than poverty but less than 150 percent of the lower living standard income level (LLSIL) and whose parents are working, or attending a job training or educational program. A sliding fee scale would be established for these services with parents paying a portion of the cost. The payments received from such fees shall be retained by the Head Start agencies and expended only to carry out this subchapter.

Section 107 provides for the establishment and revision of a sliding fee scale by the Secretary of Health and Human Services.

Section 108 amends section 652(b) of the Head Start Act to make a technical amendment.

TITLE II—EARLY CHILDHOOD DEVELOPMENT AND SCHOOL-RELATED CHILD CARE

Section 201 amends the Elementary and Secondary Education Act of 1965 to create a new title VIII consisting of the following new sections:

Section 8001 requires the Secretary of Education to make grants to eligible States to assist in the expansion or establishment of before- and after-school child care or early childhood development programs. Section 8001 also provides that States and local education agencies in such State shall be eligible under this title if such State has an approved application under title IV, the Child Care and Early Childhood Development Coordinating Activities Act.

Section 8002, subsection (a), reserves 1 percent of the amount made available for the purposes of carrying out this title for payments to the territories and to the Secretary of Interior to meet the needs of Indian children. Subsection (b) establishes the formula for distributing funds to local education agencies and the Commonwealth of Puerto Rico.

Section 8003 sets forth local program requirements, including the submission of an application to the state education agency which contains a 2-year plan.

Subsections (b) through (d) of section 8003 set forth the specific uses of funds for LEAs in expanding, establishing and operating early childhood development programs, and before- and after-school child care programs; clarifies the use of parental contributions; and ensures coordination with other providers within the LEA.

Subsection (e) of section 8003 provides that the LEA may contract before- and after-school child care programs or early childhood development programs through grants or contracts with other public entities and eligible private nonprofit community-based organizations. In making such a grant or entering into such a contract priority shall be given to a program offered in a public school building, if the cost of such program is comparable to the costs of programs offered in other facilities. To be eligible for a grant or contract, a private, nonprofit community-based organization shall provide assurances that: (1) it is able to and willing to enroll, or has a history of enrolling, racially, ethnically, linguistically, and economically diverse children and children with disabilities; (2) the program is in compliance with the nondiscrimination provisions of the Head Start Act (Sec. 654); and (3) the organization will comply

with other reasonable requirements established by the LEA consistent with the purposes of this title.

No provider of a program receiving assistance under this title shall engage in any sectarian activity, including sectarian worship and instruction, in such program.

Section 8004 sets forth the program requirements for State participation under this title. These include: (1) within 3 years after enactment, the establishment of standards for early childhood development programs for which funds are received under this title, (group size, child-staff ratios, qualifications and background of staff members, health, nutrition, and safety requirements for children and staff, parental involvement); and (2) within 3 years after enactment, standards for before- and after-school child care programs for which funds are received under this title (inservice training for staff, health, nutrition, and safety requirements for children and staff, and parental involvement). Section 8004 also specifies that no more than 3 percent of the amounts paid to a State Educational Agency may be used for administration related to carrying out this title.

Section 8005 specifies that the State shall establish, and periodically revise, a sliding fee scale for cost-sharing for children of families with income of more than 100 percent of the poverty level but not more than 160 percent of the lower living standard income level.

Section 8006 requires that the Secretary of Education pay on a timely basis the amount which such States are eligible to receive under this title.

Section 8007 stipulates that each State educational agency shall distribute not less than 97 percent of the amounts paid to it under section 8006 to eligible LEAs who have submitted approved applications.

Section 8008 sets forth definitions for purposes of this title.

Section 201 makes a technical amendment to the Elementary and Secondary Education Act of 1965.

TITLE III—CHILD CARE SERVICES FOR INFANTS, TODDLERS, AND YOUNG CHILDREN ACT

Section 301 creates a new subchapter C in Chapter 8 of subtitle VI of Public Law 97-35, consisting of the following new sections, under 42 USC 9871-9877:

Section 658A provides that the suchapter may be cited as the "Child Care Services for Infants, Toddlers, and Young Children Act."

Section 658B provides for the allotment of funds among States based upon the total number of children under age 6 in the State, the total number of children eligible for free or reduced price lunches in the State, and the per capita income in the State, as compared to all States. This section also reserves funds for Indians and the territories and specifies how payments for the benefit of Indian children are to be made.

Section 658C requires that in order to receive funds, States assure that they will comply with the requirements of the subchapter and submit a two-year plan. The plan shall ensure that (1)

funds be used to provide child care services to eligible children on a sliding fee scale basis; (2) providers comply with State licensing requirements and standards developed under section 658(F); (3) the program be administered by a designated agency; and (4) the State have an approved application for funds under Title IV of the Act, the Child Care and Early Childhood Development Coordinating Activities Act.

Section 658D specifies that child care services can be funded by contracts or grants with eligible providers or by grants to units of general purpose local goverment or contracts with nonprofit private organizations to provide services through eligible providers. This section also requires parental participation in selecting child care providers prior to funds being distributed.

Section 658E describes the provisions which must be met in order for a State to continue to participate in the program.

Section 658F provides that within three years of enactment, States are required to implement minimum child care standards to apply to all providers receiving public assistance who are required to be licensed and regulated by the State. The section also provides that within two years of enactment, States must require providers receiving public assistance who are licensed and regulated in the State to complete at least 15 hours of training annually.

Section 658G provides that the Secretary review and monitor State compliance with program requirements and establish a procedure to follow if a State is found to be in noncompliance.

Section 658H establishes the national advisory committee on model child care standards and specifies its composition and duties, which include developing model child care standards for center-based care, family child care, and group home care.

Section 658I provides that the State will establish a sliding fee scale based on income for services to eligible families, except that families with incomes below the poverty line would not be required to pay a fee.

Section 658J makes applicable those provisions of the Head Start Act which bar discrimination in assisted programs. This section further prohibits programs receiving assistance under this subchapter from engaging in any sectarian activity, including sectarian worship and instruction.

Section 658K defines the terms used in Title III.

TITLE IV—CHILD CARE AND EARLY CHILDHOOD DEVELOPMENT COORDINATING ACTIVITIES ACT

Section 401 creates a new subchapter D of Chapter 8 of subtitle A of Public Law 97-35, consisting of the following new sections:

Section 659A provides that the subchapter may be cited as the "Child Care and Early Childhood Development Coordinating Activities Act."

Section 659B authorizes the Secretary to provide financial assistance to eligible States and Indian tribes and tribal organizations to carry out the subchapter.

Section 659C provides for the allotment of available funds among States and Indian tribes and tribal organizations in the same manner as under section 658B, with technical changes.

Section 659D provides that a State lead agency shall be designated to administer the program and that local child development councils will be established.

Section 659E required that to receive funds, States must assure they will comply with the requirements of the subchapter which include funding specified activities; having in effect enforcement policies and practices applicable to licensed or regulated care in the State within three years of enactment; collecting and submitting to the Secretary data on the child care needs in the State; and assuring proportional expenditures of Title IV funds for salaries, renovation, and training funds among providers funded under Titles I, Title II, and Title III.

Section 659F requires the establishment of local child development councils which are to prepare a written assessment of local child care needs and resources at specified intervals.

Section 659G directs the chief executive officer of a State to appoint a State committee on child care licensing to review licensing requirements and policies in the State and report on the findings.

Section 659H requires States to designate and fund resource and referral agencies to serve specific geographic areas.

Section 659I requires States to establish a clearinghouse on training and to provide preservice and inservice training for child care and resource and referral staff.

Section 659J allows States to use funds to encourage businesses to support child care.

Section 659K provides for States to promote the use of public libraries in the child care activities funded under the Act.

Section 659L provides that funds are to be used to supplement, not supplant child care activities carried out with Federal, State and local funds.

Section 659M provides that States are eligible for funds under this subchapter only if they also receive funds under either Title II or Title III or both.

Section 659N provides that the Secretary is to review and monitor State compliance with program requirements and establishes the procedure to follow if the State is found to be in noncompliance.

Section 659O makes applicable those provisions of the Head Start Act which bar discrimination in assisted programs. This section further prohibits individuals or entities receiving assistance under this subchapter from engaging in any sectarian activity, including sectarian worship and instruction.

Section 659P defines the terms used in the subchapter.

TITLE V—BUSINESS INVOLVEMENT IN MEETING EMPLOYEE CHILD CARE NEEDS

Section 501 provides that the Secretary of Health and Human Services shall establish a program of grants to eligible businesses to (1) pay start up cost incurred to provide child care services; or (2) provide additional child care services needed by employees of such businesses.

Section 502 requires businesses to submit an application to the Secretary in accordance with Section 503.

Section 503 set forth the requirements of an application to be submitted by a business (separately or jointly with another business).

Section 504 provides that the Secretary shall give priority to businesses that have fewer than 100 full-time employees.

Section 505 makes applicable those provisions of the Head Start Act which bar discrimination in assisted programs.

Section 506 sets forth definitions of certain terms used in this title.

Section 507 authorizes $25 million for fiscal years 1990 through 1993 to carry out this title.

DISSENTING VIEWS TO H.R. 3—THE EARLY CHILDHOOD EDUCATION AND DEVELOPMENT ACT

Demographic and workforce changes have propelled the child care issue onto the Congressional agenda, and heightened awareness of the need for and benefits of quality child care has generated a growing consensus that the federal government should respond. Moreover, there is general agreement that a significant amount of federal resources should be devoted to addressing the child care needs of American families. It is therefore disappointing that the Committee has reported a bill that we cannot support.

Enactment of child care legislation by this Congress will set the direction of federal child care policy well into the 21st century. It is therefore critical that the legislation we pass be carefully constructed and its ramifications clearly understood. Expanded federal involvement in child care should be compatible with existing federal, State, and local efforts and should seek to maximize coordination and cooperation among the public and private sectors, the education and social services communities, and the various levels of government. Unfortunately, it appears that H.R. 3 was drafted in an information vacuum; its purposes are unclear; and it has the potential of doing more harm than good in the areas of availability and affordability of child care.

We strongly disagree with the overall policy approach taken in H.R. 3. Federal child care legislation should emphasize help for families and provide assistance directly to parents. Under H.R. 3, however, the emphasis is on building new bureaucracies and assisting institutions. Under H.R. 3, day care providers, school districts, Head Start agencies, and government bureaucracies are eligible to receive funds directly, but parents cannot. This approach to child care relies on government bureaucrats rather than parents to make child care decisions.

Further, under H.R. 3, very few children will be served, and scare federal resources will be stretched across a wide range of income levels. Rather than concentrating resources on those families most in need, H.R. 3 includes families earning over $30,000 as eligible for federally subsidized child care, public preschool, and Head Start slots.

A better policy approach to child care is to assist families directly by expanding refundable tax credits. This approach ensures that parents retain control of child care choices. By directing assistance to parents, rather than to institutions, we rely on parents to choose the most appropriate child care arrangements for their children, including care by relatives, friends, neighbors, and churches—arrangements which are excluded from benefit under H.R. 3.

We also support increasing the federal investment in child care services by supplementing existing programs, such as Head Start and the Social Services Block Grant. We are not convinced that

there is a need for new federal programs and bureaucracies that essentially duplicate current efforts and that will compete with proven programs for limited federal resources.

CHILD CARE SUPPLY AND DEMAND

Much of the debate over the best approach to child care has been over the issues of availability and affordability of child care slots. Conventional wisdom is that child care supply and demand problems are at crisis proportions. However, while there is clearly a growing need for and use of nonparental child care, there is little real evidence of a crisis situation.

The most recent Census Bureau survey data indicates that virtually no children uder age five with working mothers are left without supervision for any part of the day. Of the 8.1 million preschoolers with working mothers, this data reveals that 3.3 million were cared for by a relative, usually the father or a grandparent; another 2.3 million were cared for in either the child's home or another person's home by nonrelatives; and 1.9 million were in organized child care facilities, many of which are affiliated with or operated by churches. Only 13 percent of children under five years old reportedly had more than one child care arrangement.

Parents are also generally satisfied with the child care arrangements they are currently able to make. The recent Harris survey on child care revealed that 78 percent of parents are satisfied with the availability of child care and 79 percent are satisfied with the cost of child care they can get. Further, the Harris survey indicates that 83 percent are satisfied with the quality of child care available to them. The degree of satisfaction varied only slightly among income categories.

In testimony before the Education and Labor Committee, Dr. Sandar Hofferth, Senior Research Associate at the Urban Institute, summarized the child care supply and demand situation this way:

> [E]ven though there has been an enormous increase in demand for child care and preschool programs, children are being cared for. The supply of care has also increased dramatically. There are a number of factors that suggest that availability of care, per se, is not a major problem. First, few children are caring for themselves, particularly preschool children. Second, supply has increased enormously. Third, parental expenditures have not increased much. These three suggest very elastic market response to increasing demand. And, finally, parental preferences show overall satisfaction with their children's care arrangements.

Evidence also suggests that affordability of child care is not a major problem. All major national surveys have estimated parental expenditures on child care to average about $40 per week, or just over $2,000 per year. Morever, expenditures on child care have remained fairly stable over time.

According to an analysis of data from the Survey of Income and Program Participation (SIPP) prepared by the Congressional Research Service, the national median weekly expenditure on child care represents just 6.2 percent of family income, but for families

with incomes at or below poverty, estimated median expenditures were $25 per week, representing 200 percent of income. We support additional spending to serve these low-income families. Federal legislation should target these families for assistance—not families earning over $30,000 a year who spend less than 7 percent of their income for child care as H.R. 3 requires.

We also believe that improvements can be made in the delivery of child care services, but we fear that H.R. 3 will actually make matters worse. Repeatedly, in testimony presented to the Committee, witnesses argued that better coordination among child care systems would improve the efficiency of the market. Unfortunately, rather than promoting coordination and cooperation among the education, social services, and private sector providers of child care, H.R. 3 undermines those efforts by creating four new federal funding streams for child care related activities and three distinct programs with divergent standards and program requirements, all in addition to existing federal and state programs.

Dr. Norton Grubb of the University of California, in testimony before the Committee, for example, argued that the division of funds in H.R. 3 perpetuates unhealthy divisions in early childhood programs and called the earmarking of funds for particular institutions unjustified. Dr. Grubb predicted that the division will create serious coordination programs in the future.

It has also been suggested that child care subsidies are essential to enable welfare recipients to become employed and self-sufficient. Research on the California GAIN program, one of the most ambitious state welfare-to-work initiatives which authorized significant resources and generous child care transition benefits, suggests that this assumption may be false. The Manpower Demonstration Research Corporation (MDRC) found that only about 10 percent of all mandatory GAIN participants and 39 percent of volunteers used GAIN-funded child care while in the program, and even fewer used the child care transition benefits to which they were entitled. Child care benefits may be appropriate for parents leaving welfare; however, Federal spending for these benefits has already been authorized under the Family Support Act, passed last year.

TITLE I—EXPANDED HEAD START

H.R. 3 authorizes the expansion of Head Start in two general directions. First, the bill authorizes extension of the typical part-day, part-year Head Start program to provide full-working-day services throughout the calendar year. Second, such full-day, full-year Head Start services are made available on a sliding fee scale basis to working families with incomes greater than the present eligibility guidelines.

We are sympathetic to the goal of extending the hours and days of operation of Head Start to currently eligible children to ensure that children of low-income working parents are not precluded from a Head Start experience. We support expanding Head Start in this direction and investing greater resources for this purpose.

We are concerned, however, about extending eligibility for scarce Head Start slots to higher income families. It is estimated that less than 20 percent of three-to-five year olds who are currently eligible

for Head Start are served at the present level of appropriations. We question the wisdom of raising the income eligibility levels when children at the lowest income levels remain unserved.

At the same time, we recognize that there may be some advantages to integrating higher income children into the Head Start program. But we should consider this new dimension of the program during the regular reauthorization of the Head Start Act next year, and not simply accept it as part of a child care initiative without thorough review of the ramifications of such a change.

TITLE II—SCHOOL-BASED PROGRAMS

A major objective of H.R. 3 is to expand the role of the public school system in the provision of pre-kindergarten and before- and after-school child care services. While we agree that schools should be encouraged to help meet child care needs in their communities, particularly for school-age children, we oppose the creation of another Federal program that would largely duplicate the purposes of the well-established Head Start Act.

A recent study commissioned by the Department of Health and Human Services, "The Challenge of Coordination—Head Start's Relationship to State Funded Preschool Initiatives," found that there is already competition between Head Start programs and state-funded preschool programs. Competition was reported for children, staff and space. Another federally-sponsored preschool education program, with its own set of standards and program requirements as proposed in H.R. 3, would exacerbate this problem and send confusing signals to the states.

It has also been argued that early childhood education programs, such as Head Start and the Perry Preschool Project, have significant benefits to the individual children and to society. A critical assessment of the available research, however, makes solid conclusions about the affects of preschool and child care programs impossible. There are several problems with the studies on early childhood done to date that limit the ability to generalize their findings. For example, samples have been small and homogeneous; programs have been isolated in ideal, university settings; and there has been a lack of adequate control groups. Further, studies have largely failed to account for other factors in the child's environment.

Similarly, claims about the long-term benefits of Head Start may also be premature. The most comprehensive study on the effects of Head Start, the "Head Start Evaluation, Synthesis, and Utilization Project," released in 1985, found that although children in Head Start showed significant immediate gains, by the end of the second year of elementary school there were no educationally meaningful differences between Head Start participants and their peers. Head Start's nutrition and health components hold more promise for long-term benefits, but only if diet and health practices of Head Start are carried over to the home.

While high quality early childhood education programs may indeed have substantial long-term benefits, we caution against assuming that the benefits demonstrated in a few, university studies will be replicated by the widescale implementation of public preschool programs as proposed in H.R. 3. There is no evidence to sug-

gest that schools are uniquely qualified to provide high quality child care. Moreover, we should not assume that providing a public school program for four-year-olds will compensate for mediocre public education programs for school-age children.

Establishing a new federally-directed public school program for preschoolers also ignores the significant investment already being made by the States in this area. Over half of the States currently support public school, prekindergarten programs. H.R. 3 requires the creation of a separate and distinct school-based child care system that would be mostly incompatible with these existing state programs. For example, nearly all of the state-supported public preschool programs operate part-day and only during the school year. H.R. 3 requires that such programs be operated for the full-working-day throughout the calendar year.

We are more supportive of federal incentives to encourage the use of school facilities for before- and after-school care. However, the "latch-key" problem has not been well-defined and there are significant differences in estimates of the number of latch-key children. We therefore encourage further study of this problem.

Finally we have concerns about the in-State allocation formula required by title II of H.R. 3 and about the participation of children enrolled in private schools. We also find no reason to preclude for-profit child care providers from competing under the contracting-out provisions of title II on an equal basis with public and non-profit organizations.

TITLE III—CHILD CARE SERVICES

The only direct authorization for child care subsidies in H.R. 3 is included in title III of the bill. Under this title, States are directed to provide grants or contracts to day care providers, which in turn would offer child care slots at subsidized rates to parents earning up to over $30,000 annually.

This title is allocated 35 percent of the total amount appropriated for H.R. 3. Thus, even if appropriations reach the $1.4 billion assumed in the Fiscal Year 1990 budget resolution and conservatively estimating a $2,500 per child expenditure, fewer than 200,000 children would receive subsidized child care under this measure. Millions of other eligible children and families will receive no services.

Moreover, H.R. 3 relies on government to make child care decisions for families, and the range of child care arrangements available to families under this title is very limited. Under the bill only licensed, secular, primarily center-based child care providers are eligible for the government grants or contracts. This bias against relative, friends, neighbors and churches as child care providers is unjustified. Vouchers or reimbursements to parents are prohibited as a means of delivering services under the bill, even though many States already have such delivery systems in place.

This title of H.R. 3 also requires states to adopt child care standards in specified categories and establishes a National Committee on Child Care Standards to develop Federal model standards. Further, specific minimum standards on training and enforcement are imposed on the States by this title. Although these provisions have

been modified from the mandated federal standards under consideration last year, the underlying assumption that the federal government knows better than States, localities, or parents, how to regulate child care remains inherent in this bill's approach to standards.

Rather than requiring States to apply for and implement a new program for subsidizing child care under the watchful eye of the federal government as proposed in H.R. 3, we believe it is preferable to increase resources available to States under existing programs, such as title XX of the Social Security Act, to supplement established child care subsidy programs. This approach will result in serving more children more efficiently.

Conclusion

For these and other reasons we oppose enactment of H.R. 3. As Secretaries Dole and Sullivan pointed out in a letter to the Committee prior to its consideration of this bill, H.R. 3 is "fundamentally flawed." As reported, the bill is clearly a candidate for veto.

Tom Tauke.
Tom Petri.
Steve Gunderson.
Steve Bartlett.
Dick Armey.
Harris W. Fawell.
Paul B. Henry.
Fred Grandy.
Cass Ballenger.

SEPARATE DISSENTING VIEWS OF HON. MARGE ROUKEMA

I cannot support H.R. 3, the Early Childhood Education and Development Act, as reported by the Education and Labor Committee because it fails to accomplish four essential goals that any child care legislation should accomplish: (1) It fails to keep direction and choice as close to home as possible—with state, community, school and parents—rather than a federally directed bureaucracy; (2) It fails to encourage investment and innovation in child care that is suitable to local needs; (3) It fails to give the flexibility to integrate existing programs in the public schools as well as church-sponsored programs; and (4) It fails to acknowledge our enormous budget deficit by proposing a new multi-billon dollar program.

Instead of embarking on new, broad-stroke, expensive and untried plans, we should be looking for ways to improve and build on already existing programs through a program of seed money to the states. Many very successful child care programs have been started across this country without federal money and without federal intrusion. I outlined two of these programs—the Ridgewood, New Jersey early childhood development center started by Cathy Marino some eight years ago and the Independence Missouri program—both of which demonstrate that cooperative community efforts, business partnerships and schools can work together to meet the needs of working parents.

It is important to stress that many of the child care success stories in communities around the nation were started and thrive today without any federal assistance. To encourage these kinds of programs that have responded to the needs of working parents, we should lend our support in the form of seed money to the states where programs of all types have access to federal funds for the improvement and expansion of existing child care and for start-up costs of new child care modeled on other successful projects. This appoach represents the least intrusive form of federal assistance for child care, will allow the right amount of flexibility and keep control of child care on the local and state level where it should be. The state and local governments have the best view as to the needs of families. The role of the federal government in child care should be to encourage innovation. The economically disavantaged face more challenges and greater needs and under a program of grants to the states, the state can better target those areas most in need with the same types of innovative child care services consistent with the needs of individuals and communities.

Finally, I am deeply concerned about the costs of this program. With the passage of this legislation, the federal government will be shouldering a big new fiscal responsibility for a program which has the potential to expand every year until irresistible pressure builds to make it an entitlement program. Given the very serious condition of our economy and the ever-growing budget deficits and na-

tional debt, I do not believe we can afford this legislation. The tax credits being considered in the Ways and Means Committee will be added to H.R. 3 and we will have a child care proposal costing over $20 billion over the next five years. While Congress undoubtely needs to take action to address the problems facing working parents in child care today, I cannot support any new spending program that ignores the most pressing problem facing Congress and the nation—the budget deficit.

MARGE ROUKEMA.

ADDITIONAL DISSENTING VIEWS OF HON. PAUL B. HENRY

Any effort to address the child care issue must take into account three concerns: the adequacy of child care, the availability of child care, and the affordability of child care. For reasons detailed in the Dissenting Views, I believe H.R. 3 takes the wrong approach to addressing these concerns.

Beyond that, child care legislation should recognize the role of the family in child care, by fully protecting choice for the parent in the selection of the child care provider, and not discouraging, by discriminating against, families in which one parent stays at home in order to raise the children.

H.R. 3 speak of insuring parental choice in selecting the child care provider. Yet all efforts to direct funds to parents, either through vouchers or direct reimbursement, were rejected. Instead, it remains up to the state government, or a local government unit if the state chooses to give up that role, to enter into contracts or grant agreements with providers. Would an employer-sponsored day care center, or a relative or neighbor be willing to sign what may be a very detailed and lengthy contractual obligation for one or two children who may be eligible for subsidy? Despite the amendments adopted in Committee, we have not, in my judgment, adequately protected the ability of parents, instead of government officials, to make the choice of child care arrangement.

Second, H.R. 3 not only discriminates against non-working mothers in regard to child care, but for the first time extends discrimination against these families to a federal education program. The Title II school-based program is not, according to the bill, a child care program, but intended to provide for the "social, educational, cultural, emotional, and recreational development" of school-age and 4-year old children, and as the Committee reports says, to be part of the regular functions of the schools. Yet children of families in which one parent stays home, or works part-time, are specifically excluded from the federal program. My amendment to remove this discriminatory provision was defeated during the Committee mark-up

PAUL B. HENRY, M.C.

ADDITIONAL VIEWS OF WILLIAM F. GOODLING OF PENNSYLVANIA AND PETER SMITH OF VERMONT

We believe if there is a role for the Federal government in the area of child care it is to assist poor, working parents afford a quality care arrangement of their own choosing so that they can keep working and remain self-sufficient. While there seems to be a consensus around this policy direction, there remains a great deal of debate and dissension about what form, assistance to these families, should take.

The Education and Labor Committee has jurisdictional responsibility over programs affecting the early care and early education of our children. Thus, it was expected that this Committee would play a role in fashioning a portion of any final child care initiative. Last year we debated and marked-up the ABC bill. We dubbed this legislation an "Awfully Bad Concept" because of its federal prescriptions, lack of choice for parents, and its inability to deal with the church-state issue. We were pleased, but not surprised, when it faltered at the end of the last Congress.

This year, Chairman Hawkins introduced a new bill, H.R. 3. We felt this legislation, while still containing some provisions of the ABC bill, was a better bill than last year's and provided a good starting point for negotiations. The expansion of Head Start to better serve the children of poor, working parents is an important component of H.R. 3. It will entail no new bureaucracy and will help parents who currently could not utilize the part day program to enroll their children. We supported this general thrust of the bill.

Title II of the bill directly involves the educational system of this country in the delivery of child care services. We feel that schools can, and already do in many areas, play an important role in providing more and better care. This is especially true in the case of before and after school care for young "latch key" children. In this regard, we supported the general thrust of this section, although we had major problems with specific provisions. The Goodling-Smith amendments offered at Full Committee markup went to the heart of these concerns. There no longer are any federally mandated standards in this title of the Committee reported bill.

Titles III and IV were the vestiges of what was once the ABC bill. When H.R. 3 was originally introduced, we were concerned by the continued Federal intrusion in State decision making regarding standards. We were pleased when the Majority chose to drop these provisions in favor of language allowing states to set their own standards with informational assistance from the Federal level. In order for us to support any child care bill, parents must have the ultimate choice as to where their children receive care. The Goodling-Smith amendment requiring that parents choose from among

any eligible child care provider makes this necessary correction in the bill.

We were disappointed that the Committee did not accept the Goodling-Smith amendment allowing states to choose from among the listed child care improvement activities in Title IV. This amendment made good sense and is better policy than requiring states to perform activities they will likely not have resources to carry out. We intend to continue our efforts to change these provisions on the House floor or in Conference. The Senate bill already makes a similar set of activities allowable rather than mandatory.

Finally, we felt that Title V was a back door way of pressuring states to change their standards in the direction of the model standards envisioned by the Act. Dropping this Title improves the legislation and leaves States in the driver's seat, with increased Federal resources, to determine how and when to change their regulatory process.

The bill reported out of the Committee is a major improvement over last year's ABC bill and significantly better than H.R. 3 as introduced this year. We were able to support this legislation with two important caveats. We will not support any child care legislation unless it is part of a package containing significant tax credit provisions for poor, working parents. In addition, we do not believe that H.R. 3, as reported from our Committee, adequately addresses a number of other concerns we had with the legislation. For example, we do not believe the issue of how to involve church based or affiliated child care in Federal assistance has adequately been addressed. So, while we are supporting the bill being reported out of the Education and Labor Committee, we will continue to work to improve it in a number of areas that did not seem possible to address at the Committee level.

Our support of any eventual child care bill on the House floor will be determined by the outcome of these issues. It is our hope that the consensus of Federal support for child care can be translated into some kind of legislative action so children can be served and poor, working families assisted.

WILLIAM F. GOODLING.
PETER SMITH.

ADDITIONAL VIEWS OF REPRESENTATIVE JOLENE UNSOELD

I am pleased that the early childhood education component of this national child care agenda has been integrated into H.R. 3. Clearly, we have the opportunity to influence positively the lives of millions of poor children, and it must not be wasted. The title "Early Childhood Education and Development Act of 1989" should send a clear message that this Committee is not proposing a baby-sitting service, but a comprehensive eductional and developmental plan for families who need assistance in obtaining care for their children.

My home state of Washington has already acknowledged the need for such comprehensive programs by implementing the Early Childhood Education Assistance Program (ECEAP). ECEAP builds upon existing programs such as Head Start and public schools to provide these additional education services. H.R. 3 also takes this common sense approach.

ECEAP was begun in 1986, a time of severe fiscal constraints in our state. Justification for the program was most effectively spoken by members of the business communities, Governor Booth Garner, legislators, educators and community groups. Washingtonians were eager to make a solid investment for their future, and ECEAP seemed a good place to start.

Studies show that for every dollar spent on early childhood education, society saves $4.75 in reduced welfare costs, unemployment and crime. Washington state is well ahead of the nation in providing quality services for young children, as well as making wise economic investments for a competitive work force. Now it's time for the federal government to catch up. Implementation of H.R. 3 will provide immediate and far-reaching benefits for our children, and will enhance our nation's ability to compete in the global economy of the 21st century. It is a good bill, and I support its passage.

JOLENE UNSOELD.

INDIVIDUAL VIEW OF CONGRESSMAN GEORGE MILLER TO ACCOMPANY H.R. 3 REPORT

After decades of disagreement about the role of the federal government in child care, we have reached consensus about what families need and what the components of a sound and responsible national child care policy should be.

H.R. 3 contains provisions which make crucial improvements over current child care practice and are essential to improving the quality of new and existing child care services by enhancing the health and safety of children in out-of-home care. These must be incorporated in any child care legislation passed by the Congress.

Professional development, including the training of child care workers, the maintenance of health and safety standards, in conjunction with state monitoring and enforcement, and parental involvement are key components of H.R. 3. Together they will help ensure the development and maintenance of a quality child care system where children are protected and nurtured and parents can have assurances about the health and safety of their children.

In 1984, the Select Committee on Children, Youth, and Families, which I chair, conducted a year-long investigation of child care. Our principal conclusion was that there is a clear link between child care, family stability and economic independence. Yet, the inadequate supply of safe, reliable and developmentally sound child care presents serious barriers to employment for millions of American parents, and often unsafe and even hazardous consequences for children.

The Select Committee recognized the keen and enduring importance of attending to children's developmental and safety needs, and strongly recommended addressing in future legislation the *quality* of child care, especially in the areas of training and compensation of child care workers, through model health and safety standards, enforcement, and parental involvement.

Insufficient policies and resources in these areas severely jeopardize children in the current child care system. Any national child care area policy must include requirements for states to upgrade the quality of existing programs, and provide resources to do so.

The Committee bill contains provisions requiring states to engage in mandatory activities including training, monitoring and enforcement, resource and referral services, and improvement of salaries and compensation of child care providers. These are among the most critical elements in establishing and maintaining a quality child care system where children are protected and nurtured.

In a recent Harris Poll, 89% of the public felt that setting standards for child care would help ensure that all facilities offer reasonably adequate care and would give parents peace of mind. Yet, in a significant number of states, minimum protections do not exist: 11 States permit 5 or more babies to be cared for in family day care

homes by one person without an assistant. Thirty states do not regulate group size at all for preschool children and 26 states do not regulate for infants and toddlers.

The Committee bill helps states move toward minimum standards of care that will afford basic protection for children in out-of-home care. In addition to requiring that states develop group size and staff-child ratios, the Committee bill requires states to develop standards for health and safety and parental involvement. At a minimum, states should include requirements for prevention and control of infectious diseases, including immunization and handwashing procedures, injury prevention and treatment, building safety, general health and nutrition, care for children with special needs, and the prevention of child abuse. These are not costly or intrusive—they are merely common-senses, proven approaches for assuring the basic health and safety of children in out-of-home care.

Child care that includes enriching and comprehensive early childhood development components can have a long-lasting and significant effects on a child's academic and social behavior and achievements. After a decade of research, there is the greatest consensus that when adequately trained, where-compensated and consistent caregivers are present, there are the greatest opportunities for positive, stimulating, and nurturing child care experiences.

Yet, 16 states do not require educational qualifications for center-based staff. 28 states require neither experience nor any form of training for family day care providers. Most importantly, because child care providers are among the lowest paid, least compensated workers, the turnover rate is among the highest of all occupations. By neglecting the professionals who provide the care, we have neglected the children entrusted to them.

In response to these problems, H.R. 3 requires that caregivers be given 15 hours of training annually, that states expend funds every year to organizations providing in-service and preservice training, and that states address salary improvements at least once in four years. In doing so, the Committee bill provides leadership that will result in a growth in the supply of reliable, developmentally sound and safe child care.

Dwindling resources have hampered states' abilities to oversee the child care in their state. Yet, without adequate monitoring and regulatory enforcement, parents cannot be assured that their children are well-cared for and safe while they are at work. I believe that the responsibility for regulatory enforcement clearly lies with the states, and I am assured by the provisions that requires states to address monitoring and enforcement every year, and requires states to have in effect enforcement policies and practices that apply to all regulated providers in the states.

Such policies do not, however, obviate the need for parental involvement. The Select Committee on Children, Youth, and Families documented that resource and referral services, as required under this act, not only help parents find care, but also increase their involvement by helping them become more knowledgeable about child care quality and better consumers of care. Resource and referral agencies also play a pivotal role in training child care providers and in increasing the supply of trained family day care pro-

viders. California is one of a handful of states that has implemented a statewide, comprehensive child care resource and referral program that is a model for the nation.

The work of this Committee, and of the national organizations which participated in a grassroots effort, have laid the foundation for a national child care policy that will not only help families purchase the critical child care they need, but also will allow states to build a quality child care system that has as its foremost goal, the developmental and safety needs of children.

GEORGE MILLER.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HEAD START ACT

* * * * * * *

DEFINITIONS

SEC. 637. For purposes of this subchapter:

(1) * * *

* * * * * * *

(4) the term "full calendar year" means all days of the year other than Saturday, Sundays, and legal public holidays.

(5) The term "full-working-day" means at least 10 hours per day.

(6) The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor and based on the most recent lower living family budget issued by the Secretary of Labor.

(7) The term "sliding fee scale" means the sliding fee scale established and revised under section 658.

FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS

SEC. 638. (a) The Secretary may, upon application by an agency which is eligible for designation as a Head Start agency pursuant to section 641, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Head Start program focused primarily upon the children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential; [and] (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level*; and (3) may provide developmentally appropriate child care services in accordance with this subchapter.*

(b) For purposes of providing financial assistance under subsection (a) to agencies, the Secretary may not take into consideration whether such agency applies for or receives funds under subchapter [*E*] *G.*

AUTHORIZATION OF APPROPRIATIONS

SEC. 639. There are authorized to be appropriated for carrying out the provisions of this subchapter *(other than the provisions relating to child care services referred to in section 638(a)(3))* $1,198,000,000 for fiscal year 1987, $1,263,000,000 for fiscal year 1988, $1,332,000,000 for fiscal year 1989, and $1,405,000,000 for fiscal year 1990.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 640. (a)(1) Of the sums appropriated pursuant to section 639 *and the amount made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989* for any fiscal year beginning after September 30, 1981, the Secretary shall allot such sums in accordance with paragraphs (2) and (3).

(2) The Secretary shall reserve 13 percent of the amount appropriated *under section 639* for each fiscal year for use in accordance with the following order of priorities—

(A) Indian and migrant Head Start programs and services for handicapped children, except that there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, no less funds for fiscal year 1987 and each subsequent fiscal year than were obligated for use by Indian and migrant Head Start programs for fiscal year 1985;

(B) payments to Guam, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and the Virgin Islands according to their respective needs, except that such amount shall not exceed one-half of 1 percent of the sums appropriated for any fiscal year;

(C) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in section 648 of this subchapter, in an amount for each fiscal year which is not less than the amount expended for training and technical assistance activities under this clause for fiscal year 1982; and

(D) discretionary payments made by the Secretary.

The minimum reservation contained in clause (C) of this paragraph shall not apply in any fiscal year in which the appropriation *under section 639* for the program authorized by this subchapter is less than the amount appropriated for fiscal year 1984. *The Secretary shall reserve 8 percent of the amount made available under section 3(b)(1) of the Early Childhood Education and Development of 1989 for any fiscal year, for use in accordance with subparagraphs (A) and (B).* No funds reserved under this paragraph may be combined with funds appropriated under any other Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds [appropriated under this paragraph] *reserved under this paragraph* are separately identified in such grant or payment and are used for the purposes of this subchapter.

(3) [The Secretary] *After reserving the amounts required by paragraph (2), the Secretary* shall allot the [remaining 87 percent

of the amounts appropriated] *remainder* in each fiscal year among the States, in accordance with latest satisfactory data so that—

(A) * * *

* * * * * * * * *

(b) *(1)* [Financial] *Except as provided in paragraph (2), financial* assistance extended under this subchapter for a Head Start program shall not exceed 80 percent of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if the Secretary determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this subchapter. Non-Federal contributions may be in cash or in kind, fairly evaluated, including plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 percent of the approved costs of programs or activities assisted under this subchapter.

(2) Financial assistance extended under this subchapter to a Head Start agency, attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989, shall be 100 percent of the approved costs of the developmentally appropriate child care services for which such assistance is provided.

* * * * * * * * *

PARTICIPATION IN HEAD START PROGRAMS

SEC. 645. (a)(1) The Secretary shall by regulation prescribe eligibility for the participation of persons in Head Start programs assisted under this subchapter. Except as provided in [paragraph (2)] *paragraphs (2) and (3),* such criteria may provide (A) that children from low-income families shall be eligible for participation in programs assisted under this subchapter if their families' incomes are below the poverty line, or if their families are eligible or, in the absence of child care, would potentially be eligible for public assistance; and (B) pursuant to such regulations as the Secretary shall prescribe, that programs assisted under this subchapter may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (A).

* * * * * * * * *

(3)(A) Funds allotted under section 640 that are attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989 shall be expended only in accordance with this paragraph.

(B) Funds allotted under section 640 that are attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989 may be expended to enable Head Start programs to provide developmentally appropriate child care services throughout the full calendar year to children who are eligible under paragraphs (1) and (2) to participate in, and are participating in, Head Start programs so that such children receive full-working-day services if such child care services are provided to

meet the needs of parents each of whom is working, or attending job training or educational program.

(C) Subject to subparagraph (D), and subsection (b)(2), funds allotted under section 640 that are attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development of 1989 may be expended to enable Head Start programs to provide throughout the full calendar year both Head Start services (other than services specified in section 638(a)(3)) and developmentally appropriate child care services to children—

(i) who are ineligible under paragraphs (1) and (2) to participate in Head Start programs; and

(ii) whose family income is greater than the poverty line but less than 150 percent of the lower living standard income level; so that such children receive full-working-day services if such services are provided to meet the needs of parents each of whom is working, or attending a job training or educational program.

(D)(i) For purposes of carrying out this paragraph, priority shall be given to providing services under subparagraph (B).

(ii) For any fiscal year, an amount not to exceed 50 percent of the funds allotted under section 640 that are attributable to funds made available under section 3(b)(1) of the Early Childhood Education and Development Act of 1989 may be expended for the purpose specified in subparagraph (C).

(b)*(1)* The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Head Start programs, unless such fees are authorized by legislation hereafter enacted. Nothing in this subsection shall be construed to prevent the families of children who participate in Head Start programs and who are willing and able to pay the full cost of such participation from doing so.

(2) parents of children who receive Head Start services (including developmentally appropriate child care services) under the authority of subsection (a)(3)(C) shall pay a portion of the cost of such services, based on a sliding fee scale. Payments received under this paragraph shall be retained by Head Start agencies and shall be expended by such agencies only to carry out this subchapter.

* * * * * * *

POVERTY LINE

SEC. 652. (a) The Secretary shall revise annually (or at any shorter interval the Secretary deems feasible and desirable) a poverty line which, except as provided in section 645, shall be used as a criterion of eligibility for participation in Head Start programs.

(b) The revision required by subsection (a) shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the percentage change in the Consumer Price Index *For All Urban Consumers* during the annual or other interval immediately preceding the time at which the revision is made.

(c) Revisions required by subsection (a) shall be made and issued not more than 30 days after the date on which the necessary Consumer Price Index data become available.

* * * * * * *

ESTABLISHMENT AND REVISION OF SLIDING FEE SCALE

SEC. 658. The Secretary shall establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing between the Federal Government (acting indirectly through Head Start agencies) and the families that receive services for which assistance is provided under the amendments to this Act made by Early Childhood Education and Development of 1989. Such fee scale shall be based on the services provided to, and the income of the families (adjusted for family size and extraordinary medical expenses paid by the family as a result of a disability of a family member) of, eligible children who receive such services, except that families whose income does not exceed the poverty line (as determined under section 652) may not be required to pay a fee for such services.

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

TITLE I—BASE PROGRAMS

CHAPTER 1—FINANCIAL ASSISTANCE TO MEET SPECIAL EDUCATIONAL NEEDS OF CHILDREN

* * * * * * *

PART A—BASIC PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES

Subpart 1—Allocations

* * * * * * *

SEC. 1005. BASIC GRANTS.

(a) * * *

* * * * * * *

(c) CHILDREN TO BE COUNTED.—

(1) * * *

(2) DETERMINATION OF NUMBER OF CHILDREN.—

(A) * * *

(B) For purposes of this section, the Secretary shall determine the number of children aged 5 to 17, inclusive, from families above the poverty level on the basis of the number of such children from families receiving an annual income, in excess of the current criteria of poverty, from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act; and in making such determinations the Secretary shall utilize the criteria of poverty

used by the Bureau of the Census in compiling the most recent decennial census for a family of 4 in such form as those criteria have been updated by increases in the Consumer Price Index *For All Urban Consumers*. The Secretary shall determine the number of such children and the number of children of such ages living in institutions for neglected or delinquent children, or being supported in foster homes with public funds, on the basis of the caseload data for the month of October of the precedign fiscal year (using, in the case of children described in the preceding sentence, the criteria of poverty and the form of such criteria required by such sentence which were determined for the calendar year preceding such month of October) or, to the extent that such data are not available to the Secretary before January of the calendar year in which the Secretary's determination is made, then on the basis of the most recent reliable data avilable to the Secretary at the time of such determination. The Secretary of Health and Human Services shall collect and transmit the information required by this subparagraph to the Secretary not later than January 1 of each year.

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TITLE VIII—EARLY CHILDHOOD DEVELOPMENT AND SCHOOL-RELATED CHILD CARE

SEC. 8001. PROGRAM AUTHORIZED.

(a) GENERAL AUTHORITY.—The Secretary shall make grants to eligible States to assist in the expansion or establishment of before- and after-school child care or early childhood development programs that offer services that—

(1) are intended to provide an environment which enhances the educational, social, cultural, emotional, and recreational development of children; and

(2) in the case of before- and after-school child care—

(A) are provided Monday through Friday, including school holidays and vacation periods other than legal public holidays, to children attending half-day early childhood development programs, kindergarten, or elementary or secondary school classes during such times of the day and on such days that regular instructional services are not in session; and

(B) are not intended to extend or replace the regular academic program.

(b) ELIGIBILITY.—In any fiscal year, a State, and the local educational agencies in such State, shall only be eligible to receive assistance under this title if—

(1) such State submitted an application for a grant under the Child Care and Early Childhood Development Coordianting Activities Act for the same fiscal year; and

(2) the application submitted under the Child Care and Early Childhood Development Coordinating Activities Act is approved.

(c) AVAILABILITY OF APPROPRIATIONS.—Amounts shall be available to carry out this title as provided in section 3(b)(2) of the Early Childhood Education and Development Act of 1989.

SEC. 8002. AMOUNTS OF GRANTS.

(a) GRANTS FOR TERRITORIES.—

(1) The Secretary shall reserve 1 percent of the amount made available for purposes of carrying out this title in each fiscal year for payments to—

(A) Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands according to their respective needs for grants under this title; and

(B) the Secretary of the Interior in the amount necessary—

(i) to make payments to local educational agencies, upon such terms as the Secretary determines will best carry out the purposes of this title with respect to out-of-State Indian children in the elementary and secondary schools of such agencies under special contracts with the Department of the Interior, in amounts determined by the Secretary in accordance with the provisions of section 1005(d)(1); and

(ii) to meet the needs of Indian children on reservations serviced by elementary and secondary schools for Indian children operated with Federal assistance or operated by the Department of the Interior, pursuant to an agreement between the Secretary and the Secretary of the Interior made in accordance with the provisions of section 1005(d)(2).

(2) The grant which a local educational agency in Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands is eligible to receive shall be determined pursuant to such criteria as the Secretary determines will best carry out the purposes of this title.

(b) GRANTS FOR LOCAL EDUCATIONAL AGENCIES AND THE COMMONWEALTH OF PUERTO RICO.—

(1)(A) In each fiscal year, the Secretary shall determine which local educational agencies in a State are eligible to receive a grant under subparagraph (B) and the amount of the grant each such local educational agency is eligible to receive in accordance with the provisions of subsections (a) through (c) of section 1005, section 1403(b), and subparagraph (B).

(B) Except as provided in paragraph (2), and subject to the availability of appropriations, in any fiscal year a local educational agency shall receive a grant under this subsection only if the amount of the grant which such local educational agency is eligible to receive, as determined under subsections (a) through (c) of section 1005 and section 1403(b)—

(i) is not less than $15,000; or

(ii) is not less than $5,000, in the case of a local educational agency which has under its jurisdiction children at

least 30 percent of whom are eligible to be counted under section 1005(c).

(2)(A) In each fiscal year, amounts remaining from amounts appropriated for the purpose of making grants under this title after carrying out subsection (a) and paragraph (1) shall be allocated to the States for the purpose of making grants to local educational agencies that did not receive a grant under paragraph (1) for such fiscal year. Each State shall receive under this paragraph an amount that bears the same relationship to such remaining amounts as the amount received by all local educational agencies in such State under chapter 1 of Title I in the preceding fiscal year bears to the amount made available to carry out such chapter in such fiscal year, except that in any fiscal year no State may receive any amount under this paragraph that, when added to the amount received under paragraph (1) in such fiscal year by all local educational agencies in such State, would total more than an amount that bears the same relationship to the amount made available for purposes of carrying out this title for such fiscal year as the amount received by all local educational agencies in such State in the preceding fiscal year under chapter 1 of title I bears to the amount made available to carry out such chapter in such fiscal year.

(B) Subject to subparagraphs (C) and (D), in each fiscal year each State shall, from amounts made available to it under this paragraph, make grants to local educational agencies that did not receive a grant under paragraph (1) for such fiscal year, for the purposes specified in section 8001.

(C) Each State shall give priority for grants under subparagraph (B) to local educational agencies—

(i) that have under their jurisdiction the greatest concentrations of children whose families have very low income;

(ii) that will use amounts made available under the grants to supplement, not supplant, non-Federal funds being used before the grant is received for the purposes for which the grant is provided; and

(iii) that are located in areas in greatest need of child care and early childhood development services, taking into consideration the needs and resources assessment conducted under section 659F of Public Law 97-35.

(D) The State may not make a grant under this paragraph for an amount that is less than $5,000.

(3) For purposes of determining the amount that a local educational agency in a State would be eligible to receive under this title, the Secretary shall include children aged 4 in the count conducted under section 1005(c).

(4) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(c) LIMITATION.—Notwithstanding the provisions of this section, the amount paid to any State under this title for any fiscal year shall not exceed 150 percent of—

(1) the amount received by such State under this title in the preceding fiscal year; or

(2) an amount that bears the same relationship to the amount made available to carry out this title as the amount received by all local educational agencies in such State under chapter 1 of title I in the preceding fiscal year bears to the amount made available to carry out such chapter in such fiscal year.

SEC. 8003. LOCAL PROGRAM REQUIREMENTS.

(a) APPLICATION.—A local educational agency that desires to receive funds under this title shall submit an application to the State that includes a 2-year plan describing how the local educational agency will use such funds to carry out the purposes of this title.

(b) USE OF FUNDS.—Each local educational agency that receives funds under this title shall use such funds to expand, establish, or operate an early childhood development program or before- and after-school child care program, or both, in accordance with the application and plan approved by the State. Each such program shall meet the following requirements:

(1)(A) An early childhood development program shall be provided at the costs described in subparagraph (C) for children described in subparagraph (B).

(B) Children described in this subparagraph are children from families—

(i) within the area served by the local educational agency; and

(ii) in which the parent or parents work or are in education or training programs.

(C) The program described in subparagraph (A)—

(i) shall be provided at no cost for 4-year-old children from families within the area, served by the local educational agency, with income of not more than 100 percent of the poverty level (to the extent such services are not available under the Head Start Act); and

(ii) may be provided, from not more than 50 percent of the funds provided under this title that will be used to provide such program—

(I) on a sliding fee scale for 4-year-old children from families within the area, served by the local educational agency, with income of more than 100 percent of the poverty level but not more than 160 percent of the lower living standard income level; and

(II) on a full-fee basis for children from families within the area served by the local educational agency with income of more than 160 percent of the lower living standard income level.

(2) At the option of the local educational agency, an early childhood development program may be provided for 3-year-old children under the terms described in paragraph (1).

(3)(A) A before- and after-school child care program shall provide such care at the costs described in subparagraph (C) for children described in subparagraph (B). Such program shall consist of services that—

(i) are provided during such times of the day when regular instructional services are not in session; and

(ii) are not intended as an extension of or replacement for the regular academic program, but are intended to provide an environment that enhances the social, educational, cultural, emotional, and recreational development of school-age children.

(B) Children described in this subparagraph are children from families within the area served by the local educational agency and in which—

(i) the parent or parents work or are in education or training programs; and

(ii) the children are attending early childhood development programs, kindergarten, or elementary or secondary school classes.

(C) The care described in subparagraph (A)—

(i) shall be provided at no cost for children from families within the area served by the local educational agency with income of not more than 100 percent of the poverty level; and

(ii) may be provided, from not more than 50 percent of the funds provided under this title that will be used to provide such care—

(I) on a sliding fee scale for children from families within the area served by the local educational agency with income of more than 100 percent of the poverty level but not more than 160 percent of the lower living standard income level; and

(II) on a full-fee basis for children from families within the area served by the local educational agency with income of more than 160 percent of the lower living standard income level.

(4) (A) Services shall be available during the full working day for 4-year-olds (and for 3-year-olds, where offered). Such services may only include an early childhood development program or before- and after-school care, or both.

(B) Before- and after-school care shall be available for the calendar year, Monday through Friday, excluding legal public holidays.

(5) The local educational agency shall provide for the inclusion in each program of eligible children enrolled in private early childhood development programs and in private kindergarten and elementary and secondary schools in accordance with the provisions of chapter 1 of title I relating to the participation of children enrolled in private schools.

(6) Each early childhood development program shall be in compliance with—

(A) applicable State regulatory standards for health and safety; and

(B) applicable State standards for program quality.

(7) With respect to early childhood development programs, norm-referenced and criterion-referenced standardized tests shall not be administered.

(8) With respect to before- and after-school child care programs—

(A) each such program provided shall be developmentally appropriate and meet the diverse recreational, social, emotional, cultural, and educational needs of school-aged children; and

(B) each such program shall be in compliance with—

(i) applicable State regulatory standards for health and safety; and

(ii) applicable State standards for program quality.

(9) A smooth transition of children shall be encouraged—

(A) from early childhood development programs to kindergarten; and

(B) from kindergarten to grade 1.

(10) Services shall include—

(A) adequate and nutritious meals and snacks;

(B) if practicable, social services; and

(C) in the case of early childhood development programs—

(i) coordination of such health and nutrition services as are available from other agencies for children in such programs; and

(ii) referrals to health and social services for which an enrolled child and the family of such child are eligible under Federal, State, or local law.

(11) Information, programs, and activities for parents shall be provided, to the extent practicable, in a language and form the parents understand.

(c) FEES.—Payments received by local educational agencies from parents of children who receive early childhood development services under the authority of subsection (b)(1)(C)(ii) of before- and after-school child care services under the authority of subsection (b)(3)(C)(ii) shall be retained by such agencies and shall be expended by such agencies only to carry out this title.

(d) COORDINATION WITH EXISTING PROVIDERS.—Each local educational agency that receives funds under this title shall coordinate the program carried out with such funds with other public entities and private nonprofit community-based organizations that provide before- and after-school child care and early childhood development programs in the area served by the local educational agency, including entities and organizations that provide programs with assistance received under section 619 of the Education of the Handicapped Act.

(e) CONTRACTING AUTHORITY.—

(1) A local educational agency may provide a before- and after-school child care program or early childhood development program in accordance with the provisions of this title through grants to or contracts with other public entities and eligible private nonprofit community-based organizations that provide before- and after-school child care programs or early childhood development programs, as appropriate. In making a grant or entering into a contract under the authority of the preceding sentence, a local educational agency shall give priority to a program offered in a public school building, if the cost of such program is comparable to the costs of programs offered in other facilities.

(2) To be eligible for a grant or contract under this subsection, a private nonprofit community-based organization shall provide assurances that—

(A) the organization is able to and willing to enroll in the program, or has a history of enrolling, racially, ethnically, linguistically, and economically diverse children and children with disabilities;

(B) the organization will ensure that the program is in compliance with section 654 of the Head Start Act; and

(C) the organization will comply with other reasonable requirements established by the local educational agency consistent with the purposes of this title.

(f) PROHIBITION OF SECTARIAN ACTIVITIES.—No provider of a program receiving assistance under this title shall engage in any sectarian activity, including sectarian worship and instruction, in such program.

SEC. 8004. STATE PROGRAM REQUIREMENTS.

(a) STATE EDUCATIONAL AGENCY ASSURANCES.—In order for a State to participate under this title, the State shall submit to the Secretary, through its State educational agency, assurances that the State educational agency—

(1) will meet the requirements in paragraphs (2) and (5) of section 435 of the General Education Provisions Act, relating to fiscal control and fund accounting procedures;

(2) will establish, before the expiration of the 3-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989—

(A) standards for early childhood development programs for which funds are received under this title, which shall include standards relating to—

(i) group size limits in terms of the number of staff members and the number and ages of children;

(ii) the maximum appropriate child-staff ratios;

(iii) qualifications and background of staff members;

(iv) health, nutrition, and safety requirements for children and staff members; and

(v) parental involvement; and

(B) standards for before- and after-school child care programs for which funds are received under this title, which shall include standards relating to—

(i) inservice training for staff members;

(ii) health, nutrition, and safety requirements for children and staff members; and

(iii) parental involvement;

(3) will ensure that its local educational agencies and State agencies receiving funds under this title comply with any applicable statutory and regulatory provisions pertaining to this title; and

(4) will require any local educational agency that desires to receive assistance under this title to submit an application for such assistance that includes a 2-year plan describing how the local educational agency will carry out the objectives of this title.

(b) LIMITATION ON STATE PROGRAM COSTS.—The State educational agency may, from the amounts paid to it pursuant to section 8006, use not more than 3 percent of such amounts for costs of administration related to carrying out this title.

SEC. 8005. ESTABLISHMENT AND REVISION OF SLIDING FEE SCALE.

The State shall establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing between the Federal Government (acting indirectly through the State and local educational agencies) and the families that receive child care or early childhood development services for which assistance is provided under this title. Such fee scale shall be based on the services provided to, and the income of the families (adjusted for family size and extraordinary medical expenses paid by the family as a result of a disability of a family member) of, eligible children who receive such services, except that it shall apply only to services received by children from families with income of more than 100 percent of the poverty level but not more than 160 percent of the lower living standard income level.

SEC. 8006. PAYMENTS TO STATES.

The Secretary shall pay to each State on a timely basis, in advance or otherwise, the amount which it and the local educational agencies of such State are eligible to receive under this title.

SEC. 8007. PAYMENTS TO LOCAL EDUCATIONAL AGENCIES.

Each State educational agency shall distribute not less than 97 percent of the amounts paid to it pursuant to section 8006 to the local educational agencies of the State which are eligible to receive grants under this title and which have applications and plans approved by the State.

SEC. 8008. DEFINITIONS.

For purposes of this title:

(1) The term "community-based organization" means an organization that—

(A) is representative of the community or significant segments of the community; and

(B) provides child care, preschool programs, or early childhood development programs.

(2) The term "early childhood development program" means a program to provide educational services that are appropriate for the child's age and all areas of the individual child's development, including physical, emotional, social, cultural, cognitive, and communication, and including services appropriate to meet the needs of children with disabilities.

(3) The term "full working day" means at least 10 hours per day.

(4) The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor and based on the most recent lower living family budget issue by the Secretary of Labor.

(5) The term "non-English language background" means the experience of living in a home in which the primary language spoken is not English.

(6) The term "poverty level" means the criteria of poverty used by the Bureau of the Census in compiling the most recent decennial census for a family of 4 in such form as those criteria have been updated by increases in the Consumer Price Index For All Urban Consumers.

(7) The term "sliding fee scale" means the sliding fee scale established and revised under section 8005.

TITLE [X] *IX*—GENERAL PROVISIONS

DEFINITIONS

SEC. [8001.] *9001.* Except as otherwise provided, the terms used in this Act have the same meanings provided in section 1471 of this Act.

FEDERAL ADMINISTRATION

SEC. [8002.] *9002.* In administering the provisions of this Act and any Act amended by this Act, the Commissioner shall consult with other Federal departments and agencies administering programs which may be effectively coordinated with programs carried out pursuant to such Acts, and to the extent practicable for the purposes of such Acts shall coordinate such programs on the Federal level with the programs being administered by such other departments and agencies. Federal departments and agencies administering programs which may be effectively coordinated with programs carried out under this Act or any Act amended by this Act, including community action programs carried out under title II of the Economic Opportunity Act of 1964, shall, to the fullest extent permitted by other applicable law, carry out such programs in such a manner as to assist in carrying out, and to make more effective, the programs under this Act or any Act amended by this Act.

WAIVER OF REQUIREMENTS FOR CERTAIN JURISDICTIONS

SEC. [8003.] *9003.* (a)(1) If the Commissioner determines that compliance with any of the requirements of this Act, or the Education Consolidation and Improvement Act of 1981 by Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands is impractical or inappropriate because of conditions or circumstances particular to any of such jurisdictions, he may waive any of those requirements upon the request of the State educational agency for such jurisdiction. At least thirty days prior to approving any such request for a waiver, the Commissioner shall publish in the Federal Register a notice of his intent to grant such a waiver and the terms and conditions upon which such a waiver will be granted.

(2) Any waiver of requirements under this subsection shall be subject to such terms and conditions as the Commissioner deems necessary to carry out the purposes of this Act, including the submission by the jurisdiction concerned of a plan for the management of the funds in a manner designed to achieve the purposes of this Act.

(b)(1) If the Commissioner determines that compliance with any of the requirements of title I by Puerto Rico is impractical or inap-

propriate because of conditions or circumstances particular to that jurisdiction, he may waive any of those requirements upon the request of the State educational agency for that jurisdiction. At least thirty days prior to approving any such request for a waiver, the Commissioner shall publish in the Federal Register a notice of his intent to grant such waiver and the terms and conditions upon which such a waiver will be granted.

(2) Any waiver of requirements under this subsection shall be subject to such terms and conditions as the Commissioner deems necessary to carry out the purposes of title I, including the submission by Puerto Rico of a plan for the management of the funds provided under such title, in order to insure that those funds are used in a manner designed to achieve the purposes of such title.

(3) No waiver may be granted under this subsection after July 1, 1980, or apply to any period after such date.

LIMITATION ON PAYMENTS UNDER THIS ACT

SEC. [8004.] *9004.* Nothing contained in this Act shall be construed to authorize the making of any payment under this Act, or under any Act amendned by this Act, for religious worship or instruction.

OPEN MEETINGS OF EDUCATIONAL AGENCIES

SEC. [8005.] *9005.* No application for assistance under this Act may be considered unless the local educational agency making such application certifies to the Commissioner that members of the public have been afforded the opportunity upon reasonable notice to testify or otherwise comment regarding the subject matter of the application. The Commissioner is authorized and directed to establish such regulations as necessary to implement this section.

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CHAPTER 8 OF SUBTITLE A OF TITLE VI OF PUBLIC LAW 97-35

TITLE VI—HUMAN SERVICES PROGRAMS

Subtitle A—Authorizations Savings for Fiscal Years 1982, 1983, and 1984

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CHAPTER 8—COMMUNITY SERVICES PROGRAMS

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Subchapter C—Child Care Services For Infants, Toddlers, And Young Children

SEC. 658A. SHORT TITLE.

This subchapter may be cited as the "Child Care Services For Infants, Toddlers, And Young Children Act".

SEC. 658B. AMOUNTS RESERVED; ALLOTMENTS.

(a) AMOUNTS RESERVED.—

(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve not to exceed one half of 1 percent of the amount made available under section 3(b)(3) of the Early Childhood Education and Development of 1989 in each fiscal year for payments to Guam, American Samoa, the Virgin Islands of the United States, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and Palau, to be allotted in accordance with their respective needs.

(2) INDIANS.—The Secretary shall reserve an amount, not less than 1.5 percent and not more than 3 percent of the amount made available under sectin 3(b)(3) of the Early Childhood Education and Development of 1989 in each fiscal year, to carry out subsection (c) regarding Indian children.

(b) STATE ALLOTMENT.—

(1) GENERAL RULE.—From the remainder of the amount made available under section 3(b)(3) of the Early Childhood Education and Development Act of 1989 for each fiscal year, the Secretary shall allot to each State (excluding jurisdictions referred to in subsection (a)(1)) an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment factor bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the allotment factor bears to the sum of the corresponding products for all the States.

(2) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—The allotment factor for a State is determined by dividing—

(i) the per capita income of all individuals in the United States; by

(ii) the per capita income of all individuals in the State.

(B) LIMITATIONS.—If a sum determined under subparagraph (A)—

(i) exceeds 1.2, then the allotment factor of that State shall be considered to be 1.2; and

(ii) is less that 0.8, then the allotment percentage of the State shall be considered to be 0.8.

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determiend at 4-year intervals;

(ii) applied for the 4-year period beginning on October 1 of the first fiscal year beginning on the date such determination is made; and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce at the time such determination is made.

(c) PAYMENTS FOR THE BENEFIT OF INDIAN CHILDREN.—

(1) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—From the funds reserved under subsection (a)(2), the Secretary may, upon the application of an Indian tribe or tribal organization, enter into a contract with or make a grant to such Indian tribe or tribal organization for a period of 2 years, subject to satisfactory performance, to plan and carry out programs and activities that are consistent with this subchapter. Such contract or grant shall be subject to the terms and conditions of section 102 of the Indian Self-Determination Act (25 U.S.C. 450f) and shall be conducted in accordance with sections 4, 5, and 6 of the Act of April 16, 1934 (48 Stat. 596; 25 U.S.C. 655–657), that are relevant to such programs and activities.

(2) INDIAN RESERVATIONS.—In the case of an Indian tribe in a State other than the States of Oklahoma, Alaska, and California, such programs and activities shall be carried out on the Indian reservation for the benefit of Indian children.

(3) STANDARDS.—(A)(i) Subject to subparagraph (B), in the case of an Indian tribe or tribal organization that has in effect licensing or regulatory requirements applicable to child care services, the Secretary shall incorporate such requirements into the grant or contract made under this subsection with respect to such tribe or such tribal organization.

(ii) Subject to subparagraph (B) and if there are no tribal requirements of the kind described in clause (i), the Secretary shall establish, through the application process, standards applicable to child care services provided under such programs and activities. For purposes of establishing such standards, the Secretary shall take into consideration—

(I) the codes, regulations, and cultural factors of the Indian tribe involved, as expressed by such tribe or the tribal organization that represents such tribe; and

(II) the State licensing and regulatory requirements applicable to child care services provided in the State in which such program and activities are carried out.

(B) After the Secretary establishes model child care standards under section 658H(e)(2), the Secretary shall incorporate into any subsequent grant or contract made under this subsection—

(i) minimum child care standards established by the Indian tribe or tribal organization that address all of the matters specified in paragraphs (1), (2), and (3) of section 658H(d); or

(ii) such model child care standards;

at the option of the Indian tribe or tribal organization. The standards incorporated into such grant or contract shall apply with respect to child care services provided under such programs and activities.

(4) AVAILABILITY OF STATE CHILD CARE SERVICES.—For the purpose of determining whether to approve an application for a contract or grant under this subsection, the Secretary shall take into consideration the availability of child care services provided in accordance with this subchapter by the State in which the applicant proposes to carry out a program to provide child care services.

(5) RULE OF STATUTORY CONSTRUCTION.—This subsection shall not be construed—

(A) to limit the eligibility of any individual to participate in any program carried out with assistance received under this subchapter by a State; or

(B) to modify any requirement imposed on a State by any provision of this subchapter.

(6) COORDINATION. —To the maximum extent practicable, the applicant for a grant of contract under this subsection and the State in which the applicant is located shall coordinate with each other their respective child care programs and activities, including child care programs and activities carried out with assistance received under this subchapter.

(d) DATA AND INFORMATION. —The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(e) REALLOTMENTS. —

(1) IN GENERAL. —Any portion of the allotment under subsection (b) to a State that the Secretary determines is not required to carry out a State plan approved under section 658C(d), in the period for which the allotment is made available, shall be realloted by the Secretary to other States in proportion to the original allotments to the other States.

(2) LIMITATIONS.—(A) The amount of any reallotment to which a State is entitled to under paragraph (1) shall be reduced to the extent that it exceeds the amount that the Secretary estimates will be used in the State to carry out a State plan approved under section 658C(d).

(B) the amount of such reduction shall be similarly realloted among States for which no reduction in an allotment or reallotment is required by this subsection.

(3) AMOUNTS REALLOTED.—For purposes of any other section of this subchapter, any amount realloted to a State under this subsection shall be deemed to be part of the allotment made under subsection (b) to the State.

(f) DEFINITION.—For the purposes of this section, the term "State" means any of the several States, the District of Columbia, or the Commonwealth of Puerto Rico.

SEC. 658C. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive funds under this subchapter, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require by rule.

(b) PLAN.—The application of a State submitted under subsection (a) shall include an assurance that the State will comply with the requirements of this subchapter and a State plan that is designed to be implemented during a 2-year period and that meets the requirements of subsection (c).

(c) REQUIREMENTS OF THE PLAN. —

(1) LEAD AGENCY. —The plan shall contain an assurance that the financial assistance received under this subchapter by the State will be administered by the lead agency and shall identify

the lead agency designated in accordance with section 659D of the Child Care and Early Childhood Development Coordinating Activities Act.

(2) POLICIES AND PROCEDURES. —The plan shall set forth policies and procedures designed to ensure all of the following:

(A) That, to the maximum extent feasible—

(i) the parents of each eligible child who will receive child care services for which assistance is provided under paragraph (3) are permitted to select the eligible child care provider that will provide such services to such child; and

(ii) the State will attempt to place such child with the eligible child care provider selected by such parents.

(B) That—

(i) all providers of child care services for which assistance is provided under this subchapter comply with all licensing and regulatory requirements (including registration requirements) applicable under State and local law; and

(ii) such requirements are imposed and enforced by the State uniformly on all such providers that provider child care services under similar child care arrangements.

This subparagraph shall not be construed to prohibit a State to impose more stringent standards or requirements on child care providers who provide services for which assistance is provided under this subchapter and who also receive State funds under any other law to provide child care services under a contract or other arrangement with the State.

(C) That procedures will be established to ensure that child care providers required to be licensed or regulated in the State comply with the standards established under section 658F (a) by the State as well as all applicable State and local licensing and regulatory requirements (including registration requirements).

(D) That the State will not—

(i) reduce the categories of child care providers licensed or regulated by the State on the date of enactment of the Early Childhood Education and Development Act of 1989; or

(ii) reduce the level of standards applicable to child care services provided in the State and to the matters referred to in sections 658F, even if such standards exceed the model standards established under section 658H(e)(2) by the Secretary unless the State demonstrates, to the satisfaction of the Secretary that the reduction is based on positive developmental practice.

(E) That for each fiscal year the State will use an amount not to exceed 2 percent of the amount of funds received under section 658B by the State for such fiscal year to administer the State plan.

(F) That the State will pay funds under this subchapter to eligible child care providers in a timely fashion to ensure the continuity of child care services to eligible children.

(G) That each eligible child care provider who provides services for which assistance is provided under paragraph (3)—

(i) to the maximum extent feasible, provides child care services to a reasonable mix of children, including children from different socioeconomic backgrounds and children with a disability;

(ii) after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989, complies with the minimum child care standards established under section 658F(a) by the State; and

(iii) complies with the State plan and the requirements of this subchapter.

(H) That child care services for which assistance is provided under paragraph (3) are available to children who are identified in the local needs assessments to receive special attention.

(I) That child care providers in the State are encouraged to develop personnel policies that include compensated time for staff undergoing training required under this subchapter.

(J) That child care services for which assistance is provided under paragraph (3) are provided for an adequate number of hours and days to serve the needs of parents of eligible children, including parents who work nontraditional hours.

(3) CHILD CARE SERVICES.—The plan shall provide that the State will use the amount allotted to the State in any fiscal year to provide child care services that meet the requirements of this subchapter to eligible children in the State on a sliding fee scale basis and using funding methods provided for in section 658D, and in providing for such services will give priority to children whose families have very low income.

(4) DISTRIBUTION OF FUNDS.—The plan shall provide that funds will be distributed, to the maximum extent feasible—

(A) to a variety of types of child care providers in each community, including center-based child care providers, group home child care providers, and family child care providers; and

(B) equitably among applicants in rural and urban areas.

(5) REIMBURSEMENTS.—The plan shall provide that, for child care services for which assistance is provided under this subchapter, reimbursement (including any fee paid by the family of a child that receives such services) shall be made at not less than the fair market rate for such services in the geographical area in the State in which such services are being provided and that such reimbursement will reflect the additional cost to a provider of special services or a provider serving special populations of children, with a higher rate of reimbursement being provided for—

(A) programs providing comprehensive child care services and family support services to adolescent parents;

(B) the care of eligible children who have a disability; and

(C) eligible children who are less than 3 years of age.

(d) APPROVAL OF APPLICATIONS.—The Secretary shall approve an application submitted under this section that satisfies the requirements of this section but only if—

(1) the State that submitted such application also submitted an application for a grant under the Child Care and Early Childhood Development Coordinating Activities Act for the same fiscal year; and

(2) the application submitted under the Child Care and Early Childhood Development Coordinating Activities Act is approved.

SEC. 658D. SPECIAL RULES FOR USE OF STATE ALLOTMENTS.

(a) GRANTS AND CONTRACTS.—The child care services referred to in section 658C(c)(3) that are to be provided out of the allotment to a State, shall be provided—

(1) by contracts with or grants to eligible child care providers who agree to provide such services directly to eligible children; or

(2) by grants to units of general purpose local government or contracts with nonprofit private organizations to provide child care services by making grants to or contracts with eligible child care providers.

(b) REQUIREMENTS.—For purposes of subsection (a), each entity that makes a grant to or contract with an eligible child care provider shall—

(1) identify eligible children; and

(2) allow the parents of eligible children to select from among all eligible child care providers to provide child care services.

SEC. 658E. CONTINUING ELIGIBILITY OF STATES.

A State shall be ineligible for funds under this subchapter after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989 unless the State demonstrates to the satisfaction of the Secretary that all child care providers that receive public financial assistance and that are required to be licensed and regulated in the State—

(1) are so licensed and regulated;

(2) satisfy the minimum child care standards established under section 658F(a) by the State; and

(3) are subject to the enforcement provisions referred to in section 659E(c)(4) of the Child Care and Early Childhood Development Coordinating Activities Act.

SEC. 685F. MINIMUM STATE CHILD CARE STANDARDS AND TRAINING REQUIREMENT.

(a) MINIMUM CHILD CARE STANDARDS.—A State that receives funds under this subchapter after the expiration of the 3-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989 shall have in effect minimum child care standards that address all of the matters specified in

paragraphs (1), (2), and (3) of section 658H(d) and that apply with respect to child care services provided in the State by child care providers that receive public financial assistance and that are required to be licensed and regulated by the State.

(b) MINIMUM TRAINING REQUIREMENT.—A State that receives funds under this subchapter after the expiration of the 2-year period beginning on the date the enactment of the Early Childhood Education and Development Act of 1989 shall require that all child care providers (and the caregivers employed by such providers) that receive public financial assistance and that are required to be licensed and regulated in the State complete annually at least 15 hours of training.

SEC. 658G. FEDERAL ENFORCEMENT.

(a) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this subchapter and the plan approved under section 658C(d) for the State.

(b) NONCOMPLIANCE.—

(1) IN GENERAL.—If the Secretary, after reasonable notice and opportunity for a hearing to a State, finds that—

(A) there has been a failure by the State to comply substaintially with any provision or any requirements set forth in the plan approved under section 658C(d) for the State; or

(B) in the operation of any program or project for which assistance is provided under this subchapter there is a failure by the State to comply substantially with any provision of this subchapter;

the Secretary shall notify the State of the finding and that no further payments may be made to such State under this subchapter (or, in the case of noncompliance in the operation of program or activity, that no further payments to the State will be made with respect to such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

(2) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to this paragraph (1), the Secretary may, in addition to imposing the sanctions described in such paragraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by his subchapter, and disqualification from the receipt of financial assistance under this subchapter.

(3) NOTICE.—The notice required under paragraph (1) shall include a specific indentification of any additional sanction being imposed under paragraph (2).

(c) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

(1) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this subchapter; and

(2) imposing sanctions under this section.

SEC. 658H. NATIONAL ADVISORY COMMITTEE ON MODEL CHILD CARE STANDARDS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—In order to improve the quality of child care services, the Secretary shall establish, not later than 60 days after the date of the enactment of the Early Childhood Education and Development Act of 1989, the National Advisory Committee On Model Child Care Standards the members of which shall be appointed from among representatives of—

(A) persons who carry out various types of child care programs;

(B) persons who carry out resource and referral programs;

(C) child care and early childhood development specialists;

(D) early childhood education specialists and specialists in the education of children with a disability and children whose English language proficiency is limited as a result of their non-English language background;

(E) individuals who have expertise in pediatric health care, nutrition, disabilities, and related fields;

(F) organizations representing child care employees;

(G) individuals who have experience in the regulation of child care services;

(H) parents who have been actively involved in child care programs; and

(I) States.

(2) APPOINTMENT OF MEMBERS.—The Committee shall be composed of 21 members of which—

(A) 7 members shall be appointed by the President;

(B) 4 members shall be appointed by the majority leader of the Senate;

(C) 3 members shall be appointed by the minority leader of the Senate;

(D) 4 members shall be appointed by the Speaker of the House of Representatives; and

(E) 3 members shall be appointed by the minority leader of the House of Representatives.

Not less than one-third of the members of the Committee shall be appointed from among individuals described in paragraph (1)(H).

(3) CHAIRMAN.—The Committee shall appoint a chairman from among the members of the Committee.

(4) VACANCIES.—A vacancy occurred on the Committee shall be filled in the same manner as that in which the original appointment was made.

(b) PERSONNEL, REIMBURSEMENT, AND OVERSIGHT.—

(1) PERSONNEL.—The Secretary shall make available to the Committee office facilities, personnel who are familiar with child development and with developing and implementing regulatory requirements, technical assistance, and funds as are necessary to enable the Committee to carry out effectively its duties.

(2) REIMBURSEMENT.—(A) Members of the Committee who are not regular full-time employees of the United States Government shall, while attending meetings and conferences of the Committee or otherwise engaged in the business of the Committee (including traveltime), be entitled to receive compensation at the rate specified at the time of such service under GS–18 of the

General Schedule established under section 5332 of title 5, United States Code.

(B) While away from their homes or regular places of business on the business of the Committee, such members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(3) OVERSIGHT.—The Secretary shall ensure that the Committee is established and operated in accordance with the Federal Advisory Committee Act (5 U.S.C. App.).

(c) DUTIES.—The Committee shall—

(1) review Federal policies with respect to child care services and such other data as the Committee may deem appropriate;

(2) not later than 180 days after the date on which a majority of the members of the Committee are first appointed, submit to the Secretary proposed model standards described in subsection (d) for child care services, taking into account the different needs of infants, toddlers, and preschool and school-age children; and

(3) develop and make available to lead agencies, for distribution to resource and referral agencies in the State, model requirements for resource and referral agencies.

(d) MODEL CHILD CARE STANDARDS.—The proposed model child care standards submitted pursuant to subsection (c)(2) shall consist of only the following:

(1) CENTER-BASED CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by center-based child care providers shall be limited to—

(A) group size limits in terms of the number of caregivers and the number of ages of children;

(B) the maximum appropriate child-staff ratios;

(C) qualifications and background of child care personnel;

(D) health, nutrition, and safety requirements for children and caregivers; and

(E) parental involvement in licensed and regulated child care services.

(2) FAMILY CHLD CARE SERVICES.—Such standards submitted with respect to child care services provided by family child care providers shall be limited to—

(A) the maximum number of children for which child care services may be provided and the total number of infants for which child care services may be provided;

(B) the minimum age for caregivers; and

(C) health, nutrition, and safety requirements for children and caregivers.

(3) GROUPS HOME CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by group home child care providers shall be limited to the matters specified in paragraphs (1)(B) and (2).

(e) CONSIDERATION AND ESTABLISHMENT OF STANDARDS.—

(1) NOTICE OF PROPOSED RULEMAKING.—Not later than 90 days after receiving the recommendations of the Committee, the Secretary shall—

(A) publish in the Federal Register—

(i) a notice of proposed rulemaking concerning the model standards proposed under subsection (d) to the Secretary; and

(ii) such proposed model standards for public comment; and

(B) distribute such proposed model standards, for comment, to each lead agency and each State committee on child care licensing established under section 659G of the Child Care and Early Childhood Development Coordinating Activities Act.

(2) ESTABLISHMENT OF MODEL CHILD CARE STANDARDS.—(A) The Secretary shall, in consultation with the Committee—

(i) take into consideration any comments received by the Secretary with respect to the model standards proposed under subsection (d); and

(ii) not later than 180 days after publication of such standards, shall issue rules establishing model child care standards for purposes of this subchapter. Such standards shall include nutrition requirements.

(B) The Secretary may amend any standard first established under subparagraph (A), except that such standard may not be modified, by amendment or otherwise, to make such standard less comprehensive or less stringent than it is when first established.

(3) ADDITIONAL COMMENTS.—The Committee may submit to the Secretary and to the Congress such additional comments on the model child care standards established under paragraph (2) as the Committee considers appropriate.

(f) TERMINATION OF COMMITTEE.—The Committee shall cease to exist 90 days after the date the Secretary establishes model child care standards under subsection (e)(2).

SEC. 658I. ESTABLISHMENT AND REVISION OF SLIDING FEE SCALE.

The State shall establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing between the Federal Government (acting indirectly through the State and service providers) and the families that receive child care services for which assistance is provided under this subchapter. Such fee scale shall be based on the services provided to, and the income of the families (adjusted for family size and extraordinary medical expenses paid by the family as a result of a disability of a family member) or, eligible children who receive such services, except that families whose income does not exceed the poverty line (as determined under section 652 of the Head Start Act) may not be required to pay a fee for such services.

SEC. 658J. APPLICABILITY OF PROVISIONS OF THE HEAD START ACT.

Sections 654, 655, and 656 of the Head Start Act (42 U.S.C. 9849-9851) shall apply with respect to this subchapter to the same extent and in the same manner as such sections apply with respect to such Act. No child care provider receiving financial assistance under this subchapter shall engage in any sectarian activity, including sectarian worship and instruction, in the program for which such assistance is received.

SEC. 658K DEFINITIONS.

As used in this subchapter:

(1) CAREGIVER.—The term "caregiver" means an individual who provides a service directly to an eligible child on a person-to-person basis

(2) CENTER-BASED CHILD CARE PROVIDER.—The term "center-based child care provider" means a child care provider that provides child care services in a nonresidential facility, and may include a nonprofit institution of higher education.

(3) COMMITTEE.—The term "Committee" means the National Advisory Committee On Model Child Care Standards established under section 658H(a).

(4) DISABILITY.—The term "disability" means any condition set forth in section 602(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1401(a)(1)) or subparagraph (A) or (B) of section 672(1) of the Education of the Handicapped Act (20 U.S.C. 1472(1)).

(5) ELIGIBLE CHILD.—The term "eligible child" means an individual—

(A) who is—

(i) less than the age of compulsory school attendance; or

(ii) for purposes of receiving child care services while the school attended by such individual is not in regular session for such child, of an age of compulsory school attendance but less than 13 years of age;

(B) whose family income does not exceed 160 percent of the lower living standard income level; and

(C) who—

(i) resides with 1 or more parents each of whom is working, or attending a job training or educational program; or

(ii) is receiving, or needs to receive, protective services and resides with a parent or parents not described in clause (i).

(6) ELIGIBLE CHILD CARE PROVIDER.—The term "eligible child care provider" means—

(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

(i) is licensed or regulated under State law;

(ii) satisfies—

(I) the Federal requirements, except as provided in clause (iii); and

(II) the State and local requirements; applicable to the child care services it provides; and

(iii) after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989, complies with the minimum child care standards established under section 658F(a) by the State that are applicable to the child care services it provides; or

(B) a child care provider who provides child care services only to an eligible child who is, by affinity or consanguin-

ity, the grandchild of such provider if such provider satisfies the State requirements (if any) applicable to such services.

(7) FAMILY CHILD CARE PROVIDER.—The term "family child care provider" means 1 individual who provides child care services to any eligible child who does not reside with such individual, as the sole caregiver and in the private residence of such individual.

(8) FAMILY SUPPORT SERVICES.—The term "family support services" means services that assist parents by providing support in parenting and by linking parents with community resources and with other parents.

(9) GROUP HOME CHILD CARE PROVIDER.—The term "group home child care provider" means 2 or more individuals who jointly provide child care services in a private residence to any eligible child who does not reside with any of such individuals.

(10) INDIAN TRIBE.—The term "Indian tribe" has the meaning given it in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).

(11) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section 481(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1)), except that with respect to a tribally controlled community college such term has the meaning given it in section 2(a)(5) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(5)).

(12) LEAD AGENCY.—The term "lead agency" means the agency designated under section 659D of the Child Care and Early Childhood Development Coordinating Activities Act.

(13) LOWER LIVING STANDARD INCOME LEVEL.—The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor and based on the most recent lower living family budget issued by the Secretary of Labor.

(14) NON-ENGLISH LANGUAGE BACKGROUND.—The term "non-English language background" means the experience of living in a home in which the primary language spoken is not English.

(15) PARENT.—The term "parent" includes a legal guardian or other person standing in loco parentis.

(16) SCHOOL LUNCH FACTOR.—The term "school lunch factor" means the ratio of the number of children in the State who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.) to the number of children in all the States who are receiving free or reduced price lunches under such program.

(17) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services unless the context specifies otherwise.

(18) SLIDING FEE SCALE.—The term "sliding fee scale" means the sliding fee scale established and revised under section 658I.

(19) STATE.—The term "State" means any of the several States, the District of Columbia, the Virgin Islands of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau.

(20) TRIBAL ORGANIZATION.—The term "tribal organization" has the meaning given it in section 4(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(1)).

(21) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term "unit of general purpose local government" means a city, county, town, parish, village, or other general purpose political subdivision of a State.

(22) YOUNG CHILD FACTOR.—The term "young child factor" means the ratio of the number of children in the State who are less than 6 years of age to the number of children in all the States who are less than 6 years of age.

Subchapter D—Child Care and Early Childhood Development Coordinating Activities

SEC. 659A. SHORT TITLE.

This subchapter may be cited as the "Child Care and Early Childhood Development Coordinating Activities Act".

SEC. 659B. AUTHORITY OF PROVIDE FINANCIAL ASSISTANCE.

The Secretary may provide financial assistance to eligible States, and to Indian tribes and tribal organizations, to carry out this subchapter.

SEC. 659C. AMOUNTS RESERVED; ALLOTMENTS.

(a) AMOUNTS RESERVED.—From the amount made available under section 3(b)(4) of the Early Childhood Education and Development Act of 1989 in each fiscal year, the Secretary shall reserve and allot amounts for States, and for Indian tribes and tribal oranizations, in the same manner as provided in subsections (a), (b), (c)(1), (c)(2), and (e) of section 658B of the Child Care Services For Infants, Toddlers, And Young Children Act, except that for purpose of this subsection of reference in such subsections to—

(1) the State plan shall be deemed to be a reference to the State plan required by section 659E;

(2) section 3(b)(3) of the Early Childhood Education and Development Act of 1989 shall be deemed to be a reference to section 3(b)(4) of such Act;

(3) a subchapter shall be deemed to be a reference to this subchapter; and

(4) a provision of section 658C of the Child Care Services For Infants, Toddlers, And Young Children Act shall be deemed to be a reference to the corresponding provision of section 659E.

SEC. 659D. lead agency.

(a) DESIGNATION.—The chief executive officer of a State that desires to receive funds under this subchapter shall designate, in an application submitted to the Secretary under section 659E(a), a State agency to act as the lead agency to perform administrative functions to carry out this subchapter.

(b) ASSISTANCE TO LOCAL CHILD DEVELOPMENT COUNCILS.—The lead agency shall provide to the local child development councils established under section 659F(a) such funds and administrative support services (including personnel), directly or by contract, as may be necessary to enable the councils to carry out their duties under section 659F.

SEC. 659E. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive funds under this subchapter, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require by rule.

(b) PLAN.—The application of a State submitted under subsection (a) shall include an assurance that the State will comply with the requirements of this subchapter and a State plan that is designed to be implemented during a 4-year period and that meets the requirements of subsection (c).

(c) REQUIREMENTS OF THE PLAN.—

(1) LEAD AGENCY.—The plan shall contain an assurance that funds received under this subchapter by the State will be administered by the lead agency and shall indentify the lead agency designated in accordance with section 659D.

(2) MANDATORY ACTIVITIES.—The plan shall provide that the State will use funds allotted under section 659C to do all of the following:

(A) In at least 1 fiscal year in each 4-year period, provide financial assistance to establish or expand local resource and referral programs under section 659H.

(B) In each fiscal year, improve the quality of child care services and early childhood development programs in the State by providing training in accordance with the requirements of section 659I.

(C) In each fiscal year, improve the quality of child care services by improving the monitoring of compliance with, and enforcement of, the licensing and regulatory requirements (including registration requirements) of the State.

(D) In the first fiscal year and at 4-year intervals thereafter, collate into a single document the most recent needs assessments (as revised to date) received under section 659F by the lead agency and transmit to the Secretary a copy of such document.

(E) In at least 1 fiscal year in each 4-year period, improve salaries and other compensation paid to full- and part-time staff who provide child care services—

(i) for which assistance is provided under the Head Start Act, title VIII of the Elementary and Secondary Education Act of 1965, or the Child Care Services For Infants, Toddlers, And Young Childern Act; and

(ii) to the extent practicable, in other major Federal and State child care programs;

to the extent that such salaries and other compensation are inadequate.

(3) OTHER ACTIVITIES.—The plan shall provide that funds allotted under section 659C not necessary to carry out paragraph (2) will be used to carry out 1 or more of the following:

(i) Make low-interest loans to eligible child care providers that are nonprofit child care providers and family child care providers to make renovations and improvements in existing facilities to be used to carry out child care programs.

(ii) Make grants or low-interest loans to child care providers to assist such providers to meet Federal, State, and local child care standards, giving priority to such providers that serve children of families that have very low income.

(iii) Make grants to eligible child care providers that demonstrate that they have received commitments from businesses to contribute to such providers not less than 3 times the amount of such grants. The aggregate amount of grants made under this clause in a fiscal year to a single eligible child care provider may not exceed $50,000.

(iv) Make grants under section 659J to businesses.

(v) Promote the involvement of local public libraries in improving early childhood learning resources and in expanding the availability of such resources to eligible child care providers.

Amounts (including interest) received by the State for the repayment of loans made under this paragraph shall be used by the State to carry out this subchapter.

(4) ENFORCEMENT OF LICENSING AND OTHER REGULATORY REQUIREMENTS (INCLUDING REGISTRATION REQUIREMENTS).—The plan shall provide that the State, not later than 3 years after the date of enactment of the Early Childhood Education and Development Act of 1989, shall have in effect enforcement policies and practices that will be applicable to all licensed or regulated child care providers (including child care providers required to register) in the State, including policies and practices that—

(A) require personnel who perform inspection functions with respect to licensed or regulated child care services to receive training in child development, health and safety, child abuse prevention and detection, the needs of children with a disability, program management, and relevant law enforcement;

(B) impose personnel requirements to ensure that individuals who are hired as licensing inspectors are qualified to inspect and, to the maximum extent feasible, have inspection responsibility exclusively for children's services;

(C) require—

(i) personnel who perform inspection functions with respect to licensed or regulated child care services to make not less than 1 unannounced inspection of each center-based child care provider in the State annually;

(ii) personnel who perform inspection functions with respect to licensed or regulated child care services to make unannounced inspections annually, and during normal hours of operation, of not less than 25 percent

of licensed and regulated family child care providers in the State; and

(D) require the ratio of licensing personnel to child care providers in the State to be maintained at a level sufficient to enable the State to conduct inspections of child care facilities and providers on a timely basis and otherwise to comply with the enforcement requirements of this section;

(E) require licensed or regulated child care providers (including registered child care providers) in the State—

(i) to have written policies and program goals and to make a copy of such policies and goals available to parents; and

(ii) to provide parents with unlimited access to their children whenever children of such parents are in the care of such providers;

(F) implement a procedure to address complaints that will provide a reasonable opportunity for a parent, or child care provider, that is adversely affected or aggrieved by a decision of the lead agency or any program or activity assisted under this subchapter or the Child Care Services For Infants, Toddlers, And Young Children Act, to be heard by the State;

(G) prohibit the operator of a child care facility to take any action against an employee of such operator that would adversely affect the employment, or terms or conditions of employment, of such employee because such employee communicates a failure of such operator to comply with any applicable licensing or regulatory requirement;

(H) make consumer education information available to inform parents and the general public about licensing requirements, complaint procedures, and policies and practices required by this paragraph;

(I) require a child care provider to post, on the premises where child care services are provided, the telephone number of the appropriate licensing or regulatory agency that parents may call regarding a failure of such provider to comply with any applicable licensing or regulatory requirement; and

(j) require the State to maintain a record of parental complaints and to make information regarding substantiated parental complaints available to the public on request.

(5) DATA COLLECTION.—The plan shall provide for the collection, and submission to the Secretary, by the State of data designed to show—

(A) by race, sex, ethnic origin, disability, and limited English language proficiency resulting from non-English language background, how the child care needs of families in the State are being fulfilled, including information on—

(i) the number of children being assisted with funds provided under this subchapter, and under other State and Federal child care programs;

(ii) the type and number of child care programs, child care providers, caregivers, and support personnel located in the State;

(iii) the cost of child care services; and

(iv) salaries and other compensation paid to full- and part-time staff who provide child care services;

(B) the extent to which the availability of child care services has been increased; and

(C) that the State complies with the applicable requirements of section 658F of the Child Care Services For Infants, Toddlers, And Young Children Act.

(6) PROPORTIONAL EXPENDITURES FOR SALARIES AND RENOVATION.—The plan shall provide that of the funds expended under paragraphs (2)(E) and (3)(A)(i)—

(A) 29 percent shall be expended for the benefit of staff and providers who provide developmentally appropriate child care services for which funds are expended under the Head Start Act;

(B) 29 percent shall be expended for the benefit of staff and providers who provide services in programs for which funds are expended under title VIII of the Elementary and Secondary Education Act of 1965; and

(C) 42 percent shall be expended for the benefit of staff and providers who provide child care services for which funds are expended under the Child Care Services For Infants, Toddlers, And Young Children Act.

(7) REPORT.—The plan shall provide that not later than December 31, 1991, and at 2-year intervals thereafter, the State will submit to the Secretary a report—

(A) specifying—

(i) the uses for which the State expended under paragraph (2) funds allotted to the State; and

(ii) with respect to each purpose specified under clause (i), the amount of such funds expended;

(B) stating the reasons supporting the selection of each such use and the amount of such funds expended for each such use; and

(C) identifying the extent to which other resources of the State were expended for each of the activities described in subparagraphs (A) through (E) of such paragraph;

during the 2-year period for which such report is required to be submitted.

SEC. 658F. NEEDS AND RESOURCES ASSESSMENT.

(a) APPOINTMENT OF LOCAL CHILD DEVELOPMENT COUNCILS.—(1) The chief elected executive authority of each unit of general purpose local government in a State shall establish separately, or jointly with any other chief elected executive authority of a unit of general purpose local government in such State, a local child development council and shall appoint the members of the council.

(2) The council shall be composed of any number of members, except that—

(A) not less than 25 percent of the members shall be representatives of Head Start agencies (if any) that operate in the geographical area that is under the jurisdiction of such government;

(B) not less than 25 percent of the members shall be representatives of providers of different types of child care services (including caregivers and directors) and organizations that carry out resource and referral programs of the kind described in section 659H(b);

(C) not less than 25 percent of the members shall be representatives of local educational agencies, school board members, and teachers involved in providing early childhood development programs and before- and after-school child care programs;

(D) not less than 25 percent of the members shall be representatives of businesses, the labor force, units of general purpose local government, and organizations in the fields of nutrition, public health, and child development; and

(E) 25 percent of the members appointed under subparagraphs (A) through (D) shall be parents, including parents of children who are eligible to receive—

(i) developmentally appropriate child care services under the Head Start Act;

(ii) services in programs under title VIII of the Elementary and Secondary Education Act of 1965; and

(iii) child care services under the Child Care Services For Infants, Toddlers, And Young Children Act.

(b) PREPARATION AND REVISION OF LOCAL NEEDS AND RESOURCES ASSESSMENTS.—A State that receives funds under this subchapter for a fiscal year shall require each council—

(1) to prepare and submit to the lead agency, in accordance with guidelines issued by the chief executive officer of the State, a written assessment of—

(A) the needs and resources for child care services and early childhood development services in the geographical area for which the council is established; and

(B) the effectiveness of existing child care services, early childhood development services, and related services for which assistance is provided under this subchapter or under other laws, in meeting such needs; and

(2) at 4-year intervals after submitting such assessment, to revise such assessment to reflect changes in such needs, resources, and effectiveness occurring during the then most recently concluded 4-year period.

For purposes of preparing and revising such assessment, the council shall give special attention to meeting the needs for services for low-income children, migrant children, children with a disability, foster children, children in need of protective services, children of adolescent parents, homeless children, and children with limited English-language proficiency resulting from non-English language background.

SEC. 659G. STATE COMMITTEE ON CHILD CARE LICENSING.

(a) ESTABLISHMENT.—The chief executive officer of a State that receives funds under this subchapter shall establish, in the first fiscal year for which such funds are received, a State committee on child care licensing and shall appoint the members of the committee.

(b) COMPOSITION.—The committee shall be composed of—

(1) 1 representative of the State department of health;

(2) 1 representative of the State department of human services or of social services;

(3) 1 representative of the State department of education;

(4) at least 1 representative of different types of providers (including caregivers and directors) of child care services, including providers who serve school-age children;

(5) at least 1 representative of resource and referral programs;

(6) 1 pediatrician;

(7) parents of children receiving or in need of child care services, including parents whose children are receiving or are in need of subsidized child care services;

(8) 1 representative of fire marshals and building inspectors;

(9) 1 representative of child protective services; and

(10) at least 1 representative of local educational agencies and teachers involved in providing child care services.

(c) DUTIES.—

(1) REVIEW OF LICENSING AUTHORITY.—The committee shall review the law applicable to, and the licensing requirements and the policies of, each licensing agency that regulates child care services and programs in the State unless the State has reviewed such law, requirements, and policies in the 4-year period ending on the date of the establishment of the committee under subsection (a).

(2) REPORT.—(A) Not later than 18 months after establishment of the committee under subsection (a), the committee shall prepare and submit a report to the chief executive officer of the State involved.

(B) Such report shall contain—

(i) a statement of the findings and recommendations that result from the committee review under paragraph (1), including a description of the current status of child care licensing, regulating, monitoring, and enforcement in the State;

(ii) a detailed statement identifying and describing the deficiencies in the existing licensing, regulating, and monitoring programs of the State involved, including an assessment of the adequacy of personnel to carry out such programs effectively, and recommendations to correct such deficiencies or to improve such programs;

(iii) comments on the model child care standards established by the Secretary under section 658H(c)(2) of the Child Care Services For Infants, Toddlers, And Young Children Act;

(iv) recommendations regarding standards that should apply to local educational agencies that receive funds under title VIII of the Elementary and Secondary Education Act of 1965 to provide child care services; and

(v) at the option of the State, a plan describing the present level of child care standards in the State, the adequacy of the State's fiscal resources, and improvements to the child care standards to be made with funds which shall be made available not later than 3 years after the date of enactment by the Secretary of Health and Human Services for a program of grants to assist States in improv-

ing child care standards and the enforcement of such standards. The Secretary shall promulgate regulations concerning the application and criteria for receipt of funds under this clause.

(3) RECEIPT OF REPORT BY THE CHIEF EXECUTIVE OFFICER OF THE STATE.—Not later than 60 days after receiving the report from the committee, the chief executive officer of the State shall transmit such report to the Secretary with—

(A) the comments of the chief executive officer of the State; and

(B) a plan for correcting deficiencies in, or improving the licensing, regulating, and monitoring, of the child care services and programs referred to in paragraph (1).

(4) TERMINATION OF ASSISTANCE.—None of the funds received under this subchapter may be used to carry out any activity under this section occurring more than 90 days after the State submits a report required by paragraph (2).

(d) SERVICES AND PERSONNEL.—

(1) AUTHORITY.—The lead agency is authorized to provide the services of such personnel, and to contract for such other services as may be necessary, to enable the committee to carry out its duties under this section.

(2) REIMBURSEMENT.—Members of the committee shall be reimbursed by the lead agency, in accordance with standards established by the Secretary, for necessary expenses incurred by such members in carrying out the duties of the committee.

(3) SUFFICIENCY OF FUNDS.—The Secretary shall ensure that sufficient funds are made available, from funds received by the State under this subchapter, to the committee to carry out its duties under this section.

SEC. 659H. RESOURCE AND REFERRAL PROGRAMS.

(a) RECOGNITION.—Each State that receives funds under this subchapter shall recognize a community-based organization, a public organization, a unit of general purpose local government, or a public agency that represents a combination of units of general purpose local government as the resource and referral agency for a particular geographical area in the State.

(b) FUNDING.—Each State that receives funds under this subchapter for a fiscal year shall provide assistance, in such fiscal year, to the organizations recognized under subsection (a) to enable such organizations to carry out resource and referral programs—

(1) to identify existing child care services;

(2) to provide to interested parents information and referral regarding such services;

(3) to provide or arrange for the provision of information and training to existing and potential child care providers and to others (including businesses) concerned with the availability of child care services; and

(4) to provide information on the demand for and supply of child care services located in a community.

(c) REQUIREMENTS.—To be eligible for recognition as a resource and referral agency for a designated geographical area in a State, an organization shall—

(1) have or acquire a database of information on child care services in the geographical area that the organization continually updates, including child care services provided in centers, nursery schools, and family child care settings;

(2) have the capability to provide resource and referral services in the designated geographical area;

(3) be able to respond in a timely fashion to requests for information or assistance;

(4) be a public agency, or a community-based organization, located in the geographical area to be served; and

(5) be able to provide parents with a checklist to identify quality child care services.

(d) DUTY.—An organization recognized under subsection (a) as a resource and referral agency shall gather, update, and provide information concerning child care services available from eligible child care providers in the geographical area served by such organization.

(e) LIMITATION ON INFORMATION.—An organization recognized under subsection (a) as a resource and referral agency shall not provide information concerning any child care program or services which are not in compliance with the laws of the State and localities in which such services are provided.

(f) COORDINATION.—Each organization recognized under subsection (a) shall coordinate the activities it carries out under such subsection with the activities carried out by the State under paragraphs (5), (6), and (7) of section 676(b) of the Education of the Handicapped Act (20 U.S.C. 1476).

SEC. 6591. TRAINING AND RELATED ACTIVITIES.

(a) CLEARINGHOUSE.—A State that receives funds under this subchapter for a fiscal year shall establish in the lead agency a clearinghouse to collect and disseminate training materials to resource and referral agencies and child care providers throughout the State.

(b) GRANTS AND CONTRACTS FOR TRAINING.—A State that receives funds under this subchapter for a fiscal year shall, in such fiscal year, make grants to and enter into contracts with State and local public agencies, private nonprofit organizations, and institutions of higher education to develop and carry out child care training programs under which preservice and continuing inservice training is provided to—

(1) staff who provide child care services for which assistance is provided under the Head Start Act, title VIII of the Elementary and Secondary Education Act of 1965, or the Child Care Services For Infants, Toddlers, And Young Children Act; and

(2) staff of eligible child care providers and staff of resource and referral programs involved in providing child care services in the State.

(c) TRAINING AND OTHER ACTIVITIES RELATING TO FAMILY CHILD CARE ENHANCEMENT.—

(1) AUTHORITY TO MAKE GRANTS AND CONTRACTS.—A State that receives funds under this subchapter for a fiscal year shall, in such fiscal year, make grants to and enter into contracts with nonprofit organizations, including resource and referral organizations, child care food program sponsors, and family child care associations, to enable such organizations to develop

and carry out child care training programs under which preservice and inservice training is provided to eligible child care providers that are family child care providers.

(2) ELIGIBILITY REQUIREMENTS FOR GRANTS AND CONTRACTS.—To be eligible to receive a grant or enter into a contract under paragraph (1), a nonprofit organization shall—

(A) recruit and train individuals to become family child care providers, including providers with the capacity to provide night-time child care services and emergency child care services at irregular hours (as well as emergency care for sick children);

(B) provide ongoing training to individuals who are family child care providers, including specialized training in working with infants;

(C) operate resource centers to make developmentally appropriate curriculum materials available to family child care providers;

(D) provide grants to family child care providers for the purchase of moderate cost equipment to be used to provide child care services; and

(E) provide such other services to family child care providers in the communities of such organization as the lead agency determines to be appropriate.

(d) PROPORTIONAL DISTRIBUTION OF TRAINING.—Of the funds expended by a State carry out subsections (b) and (c)—

(1) 29 percent shall shall be expended for the benefit of staff who provide developmentally appropriate child care services for which funds are expended under the Head Start Act;

(2) 29 percent shall be expended for the benefit of staff who provide services in programs for which funds are expended under title VIII of the Elementary and Secondary Education Act of 1965; and

(3) 42 percent shall be expended for the benefit of staff who provide child care services for which funds are expended under the Child Care Services For Infants, Toddlers, And Young Children Act.

SEC. 658J. CHILD CARE SERVICES PROVIDED BY BUSINESSES.

(a) ACTIVITIES AUTHORIZED.—A State that receives funds under this subchapter for a fiscal year may carry out activities in such fiscal year designed to encourage businesses in the State to support or provide child care services to a reasonable mix of children, including children from different socioeconomic backgrounds, of employees and nonemployees. Such activities may include—

(1) disseminating information relating to—

(A) model child care programs appropriate for implementation by such businesses;

(B) flexible employee work schedules; and

(C) the identity of individuals who are willing and qualified to speak to employers regarding the establishment and operation of child care programs;

(2) establishing a demonstration program under which grants are made to local nonprofit private organizations to improve

and expand child care services in cooperation with employers who contribute to the cost of such improvement or expansion;

(3) making grants to businesses that directly provide exemplary child care services to enable such businesses to assist other businesses to provide child care services directly;

(4) making grants, on a competitive basis, to businesses and eligible child care providers jointly, to establish innovative programs to provide child care services;

(5) encouraging such businesses to participate in resource and referral activities carried out by organizations recognized under section 659H(a); and

(6) making grants to businesses that subsidize child care services provided to their employees.

In carrying out such activities, the chief executive officer of the State, or the designee of such officer, shall provide outreach to such businesses, and encourage such businesses to contribute to the cost of carrying out such activities.

(b) PRIORITY.—For the purpose of making grants under subsection (a)(2), the Secretary shall give priority to businesses that have fewer than 100 full-time employees.

SEC. 659K. LIBRARY SERVICES.

(a) INVOLVEMENT OF LIBRARIES.—A State that receives funds under this subchapter for a fiscal year, shall promote in such fiscal year the involvement of public libraries (and elementary and secondary school libraries, as appropriate), and the utilization of the services and resources of such libraries, in the activities for which funds appropriated under section 3(a) of the Early Childhood Education and Development Act of 1989 are expended.

(b) AUTHORITY TO MAKE GRANTS.—(1) In carrying out this subsection (a), a State may make grants to local public libraries (and elementary and secondary school libraries, as appropriate) to improve the quality of early childhood learning resources and to expand the availability of such resources to eligible child care providers (particularly family child care providers) that provide child care services to preschool children, and to the preschool children and their families served by such providers. Such grants may be expended—

(A) to acquire early childhood learning resources for circulation among such providers, and the preschool children and their families served by such providers; and

(B) to promote greater access to and use of early childhood learning resources by such providers, and by the preschool children and their families served by such providers, through such means as—

(i) training such providers and their staff in the selection and effective use of early childhood learning resources with preschool children;

(ii) maintaining deposit collections of early childhood learning resources on the premises of such providers and of resource and referral agencies;

(iii) supporting bookmobile services to deliver early childhood learning resources to family child care and other providers; and

(iv) developing and maintaining other appropriate outreach programs and services.

(c) This section shall be carried out in consultation with the State library administrative agency.

SEC. 659L. LIMITATIONS ON USE OF FINANCIAL ASSISTANCE.

(a) SUBSTITUTION OF FUNDS.—Funds received under—

(1) the amendments to the Head Start Act made by the Early Childhood Education and Development Act of 1989;

(2) title VIII of the Elementary and Secondary Education Act of 1965;

(3) the Child Care Services For Infants, Toddlers, And Young Children Act, or

(4) this subchapter;

by the State may be used only to supplement, not to supplant, the amount of Federal, State, and local funds expended for the support of the activities for which such funds are received.

(b) EXISTING FACILITIES.—No financial assistance provided under the provisions of law specified in subsection (a) may be expended to renovate or repair any facility unless—

(1) the child care provider that receives such financial assistance agrees—

(A) in the case of a grant, to repay to the Secretary or the State, as the case may be, the amount that bears the same ratio to the amount of such grant as the value of the renovation or repair, as of the date such provider ceases to provide child care services in such facility in accordance with this subchapter, bears to the original value of the renovation or repair; and

(B) in the case of a loan, to repay immediately to the Secretary or the State, as the case may be, the principal amount of such loan outstanding and any interest accrued, as of the date such provider ceases to provide child care services in such facility in accordance with this subchapter;

if such provider does not provide child care services in such facility in accordance with this subchapter throughout the useful life of the renovation or repair; and

(2) if such provider is a sectarian agency or organization, the renovation or repair is necessary to bring such facility into compliance with health and safety requirements imposed as a result of such provisions of law.

SEC. 659M. LIMITATION ON STATE ELIGIBILITY TO RECEIVE FUNDS.

Notwithstanding any other provision of this subchapter, a State is eligible to receive funds under this subchapter for a fiscal year only if such State receives for such fiscal year funds under—

(1) title VIII of the Elementary and Secondary Education Act of 1965; or

(2) the Child Care Services For Infants, Toddlers, And Young Children Act.

SEC. 659N. FEDERAL ENFORCEMENT.

(a) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this subchapter and the plan approved under section 659E for the State.

(b) NONCOMPLIANCE.—

(1) IN GENERAL.—If the Secretary, after reasonable notice and opportunity for a hearing to a State, finds that—

(A) there has been a failure by the State to comply substantially with any provision or any requirements set forth in the plan approved under section 659E for the State; or

(B) in the operation of any program or project for which assistance is provided under this subchapter there is a failure by the State to comply substantially with any provision of this subchapter;

the Secretary shall notify the State fo the finding and that no further payments may be made to such State under this subchapter (or, in the case of noncompliance in the operation of program or activity, that no further payments to the State will be made with respect to such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

(2) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to this paragraph (1), the Secretary may, in addition to imposing the sanctions described in such paragraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this subchapter, and disqualification from the receipt of financial assistance under this subchapter.

(3) NOTICE.—The notice required under paragraph (1) shall include a specific identification of any additional sanction being imposed under paragraph (2).

(c) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

(1) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this subchapter; and

(2) imposing sanctions under this section.

SEC. 659O. APPLICABILITY OF PROVISIONS OF THE HEAD START ACT.

Sections 654, 655, and 656 of the Head Start Act (42 U.S.C. 9849-9851) shall apply with respect to this subchapter to the same extent and in the same manner as such sections apply with respect to such Act. No individual or entity receiving financial assistance under this subchapter shall engage in any sectarian activity, including sectarian worship and instruction, in the program for which such assistance is received.

SEC. 659P. DEFINITIONS.

As used in this subchapter:

(1) CENTER-BASED CHILD CARE PROVIDER.—The term "center-based child care provider" means a child care provider that provides child care services in a nonresidential facility, and may include a nonprofit institution of higher education.

(2) COMMITTEE.—The term "committee" means the State committee on child care licensing established under section 659G.

(3) COMMUNITY-BASED ORGANIZATION.—The term "community-based organization"—

(A) means a private nonprofit organization that—

(i) is representative of the community or of significant segments of the community; and

(ii) provides child care, preschool programs, or early childhood development programs; or

(B) has the meaning given it in section 4(5) of the Job Training Partnership Act (29 U.S.C. 1503(5)).

(4) COUNCIL.—The term "council" means a local child development council established under section 659F(a).

(5) DISABILITY.—The term "disability" means any condition set forth in section 602(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1401(a)(1)) or subparagraph (A) or (B) of section 672(1) of the Education of the Handicapped Act (20 U.S.C. 1472(1)).

(6) EARLY CHILDHOOD LEARNING RESOURCES.—The term "early childhood learning resources" includes books, audio and video tapes, films, educational toys and games and other materials designed principally for use by or with children who are less than 6 years of age.

(7) ELIGIBLE CHILD CARE PROVIDER.—The term "eligible child care provider" means—

(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

(i) is licensed or regulated under State law;

(ii) satisfies—

(I) the Federal requirements, except as provided in clause (iii); and

(II) the State and local requirements, applicable to the child care services it provides; and

(iii) after the expiration of the 4-year period beginning on the date of the enactment of the Early Childhood Education and Development Act of 1989, complies with the minimum child care standards established by the State under section 658F(a) of the Child Care Services For Infants, Toddlers, And Young Children Act that are applicable to the child care services it provides; or

(B) a child care provider who provides child care services only to an eligible child who is, by affinity or consanguinity, the grandchild of such provider if such provider satisfies the State requirements (if any) applicable to such services.

(8) FAMILY CHILD CARE PROVIDER.—The term "family child care provider" means 1 individual who provides child care services to any eligible child who does not reside with such individual, as the sole caregiver and in the private residence of such individual.

(9) INDIAN TRIBE.—The term "Indian tribe" has the meaning given it in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).

(10) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section 481(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1)), except that with respect to a tribally controlled com-

munity college such term has the meaning given it in section 2(a)(5) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(5)).

(11) LEAD AGENCY.—The term "lead agency" means the agency designated under section 659D.

(12) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the meaning given that term in section 1471(12) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2891(12)).

(13) Public library.—The term "local public library" has the meaning given that term in section 3(5) of the Library Services and Construction Act.

(14) NONPROFIT ORGANIZATION.—The term "nonprofit organization" includes an Indian tribe and a tribal organization.

(15) NON-ENGLISH LANGUAGE BACKGROUND.—The term "non-English language background" means the experience of living in a home in which the primary language spoken is not English.

(16) PARENT.—The term "parent" includes a legal guardian or other person standing in loco parentis.

(17) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

(18) STAFF.—The term "staff" means an individual who provides a service directly to an eligible child on a person-to-person basis.

(19) STATE.—The term "State" means any of the several States, the District of Columbia, the Virgin Islands of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau.

(20) STATE LIBRARY ADMINISTRATIVAE AGENCY.—The term "State library administrative agency" has the meaning given that term in section 3(10) of the Library Services and Construction Act.

(21) TRIBAL ORGANIZATION.—The term "tribal organization" has the meaning given it in section 4(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(1)).

(22) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term "unit of general purpose local government" means a city, county, town, parish, village, or other general purpose political subdivision of a State.

Subchapter [C]*E*—Follow Through Programs

SHORT TITLE

SEC. 661. This subchapter may be cited as the "Follow Through Act".

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Subchapter [D]*F*—Grants to States for Planning and Development of Dependent Care Programs and for Other Purposes

AUTHORIZATION OF APPROPRIATIONS

SEC. 670A. For the purpose of making allotments to States to carry out the activities described in section 670D, there is authorized to be appropriated $20,000,000 for each of the fiscal years 1987, 1988, 1989, and 1990.

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Subchapter [E]*G*—Comprehensive Child Development Program

SHORT TITLE

SEC. 670M. This subchapter may be cited as the "Comprehensive Child Development Act".

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